



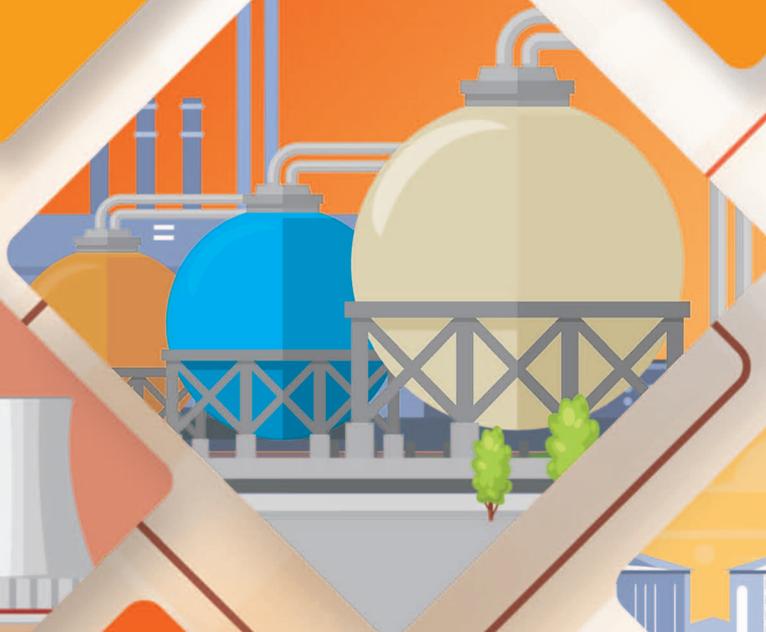
Sino Gas Holdings Group Limited

中油潔能控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1759

2021
ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ji Guang (*Chairman*)
Ms. Ji Ling (*Vice-Chairman and Chief Executive Officer*)
Ms. Cui Meijian
Mr. Zhou Feng

Independent Non-executive Directors

Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng

AUDIT COMMITTEE

Dr. Zheng Jian Peng (*Chairman*)
Mr. Wang Zhonghua
Mr. Sheng Yuhong

REMUNERATION COMMITTEE

Mr. Wang Zhonghua (*Chairman*)
Dr. Zheng Jian Peng
Mr. Sheng Yuhong

NOMINATION COMMITTEE

Mr. Sheng Yuhong (*Chairman*)
Dr. Zheng Jian Peng
Mr. Wang Zhonghua

COMPANY SECRETARY

Ms. Wong Pui Yin Peony

AUTHORISED REPRESENTATIVES

Ms. Ji Ling
Ms. Wong Pui Yin Peony

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

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Caifu Shiji Square
13 Haian Road, Tianhe District
Guangzhou, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 708, 7/F, Tower 2
Silvercord, 30 Canton Road
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

HONG KONG LEGAL ADVISER

WAN & TANG
2408, World-Wide House
19 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Co., Ltd.
Guangzhou Liuhua Branch
Bank of China Zhuhai Branch
China Construction Bank Co., Ltd.
Guangzhou Conghua Branch

COMPANY'S WEBSITE ADDRESS

www.sinogasholdings.com

STOCK CODE

1759

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Director**") of Sino Gas Holdings Group Limited (the "**Company**"), I am pleased to present our audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**", "**our Group**", "**we**" or "**us**") for the year ended 31 December 2021.

As the novel coronavirus (COVID-19) pandemic (the "**Pandemic**") still raged globally in 2021, two major prevalent variants, Omicron and Delta, successively emerging, posed a more severe challenge to medical and health systems in various countries and made the recovery of global economy in post-pandemic era exceptionally difficult. With the research and development and the popularisation of vaccine, groups that received vaccination kept growing, which largely slowed the exacerbation of the Pandemic. China, as the second largest economy in the world, has actively promoted the research and development and the inoculation of vaccine and made an achievement that attracted world-wide attention in the battle against the Pandemic since the outbreak of the Pandemic. Based on advantages arising from the hyper-scale market economy, China unremittingly deepened the reform and opening up and actively made internal and external economic cycles unblocked. That laid a solid foundation for the economic recovery of China and the world. For the year ended 31 December 2021, China recorded a GDP of RMB11,436.7 billion, an increase of 8.1% as compared to last year, with the growth rate ranking high among major economies in the rest of the world. That marked the first satisfying result for the first year of 14th Five Year Plan.

When it comes to energy market, the international landscape grew to become more complex and tough in 2021 as geopolitical frictions became intensive, battles between oil producers and consumers kept emerging and the Pandemic remained largely unpredictable. However, thanks to the robust recovery of the international energy demand, the prudent increase in oil production that OPEC+ maintained and the orderly conduct of the research and development and the inoculation of vaccine, the price of international crude oil rose with fluctuations at the beginning of this year and maintained volatile at a high level in general. China has seen a steady rise in the supply and demand for liquefied petroleum gas (the "**LPG**") and natural gas throughout the year.

During the year, the Group attached great importance to employees' health and safety in the face of the complicated market environment and the severe situation of preventing and controlling the Pandemic. Under the condition of the serious implementation of various measures to prevent and control the Pandemic, we carried out our business in a steady manner and achieved a win-win situation between the containment of the Pandemic and the development of the business. The Group actively worked to dispatch gas sources and ensure energy supply in order to provide a strong support for people's livelihood. With the effort of all staff, the Group kept its supply stable, improved the quality of its services and deepened its marketing and management strategies to expand user groups by means of the effects of word-of-mouth and demonstration. The sales of LPG and compressed natural gas (the "**CNG**"), two major business segments of the Group, have increased during the year, with an increase around 7.1% to 361.3 thousand tonnes in LPG as compared to 2020 and an increase around 23.9% to around 75.1 million cubic meters in CNG as compared to 2020. The Group recorded a revenue of RMB1,907.8 million, representing an increase around 48.5% as compared to last year.

CHAIRMAN'S STATEMENT

The guideline of putting stability first and delivering stability while also pursuing progress in economy work was put forward in the Central Economic Work Conference in 2022. Confronted with multiple pressures like the uncertainties in the recovery of global economy, sky-high prices of commodities and the exposure to the contraction in demand and supply shocks in domestic economy, China will give priority to stabilize economy this year. The Group will also carry out various operations and measures to contain the Pandemic with a prudent attitude to realise the robust and healthy development of the Group. To achieve the goal of peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060, natural gas, as a quality and low-carbon energy, shoulders an important mission of the transition of energy mix from fossil fuels into renewable energy. LPG, with its mature industry technologies and stable market, also serves as an important energy to realise double carbon target. In response to national policies, the Group will promote the replacement of high-carbon energy with natural gas and LPG, strive to tap into natural gas and LPG markets, increase the use of natural gas and LPG in transportation energy, industrial and civil sectors. We will continue to improve our industry chain and utilize existing upstream, midstream and downstream infrastructures to extend our industry chain. We will endeavour to expand marketing teams, develop marketing strategies and focus on safe production. We will unremittingly scale up LPG and natural gas end markets and increase operation profit to secure our market position in energy industries in Guandong Province and Henan Province.

Although the situation of the Pandemic remains tough, the Group, as an integrated supplier in the gas industry, will endeavour to act as a participant and a contributor in global governance for boosting the economic development, air pollution treatment and energy conservation and emission reduction of China. In line with the trend of energy transition, We will accelerate the transition of the Group and balance the relationship among making our brand more competitive, providing more premium products and services and expand the business scale of the Group. As the top priority must be given to the development, we will be committed to dealing with safety problems in a coordinated manner and infiltrating the idea of safe production and the environmental, social and governance theory into every fields and the whole course of the Company's development. We will strive to reach our goal by taking steady steps and achieve sustainable development.

On behalf of the Board, I would like take this opportunity to extend gratitude to the Directors, the management and the staff of the Group for their devotion, persistence and effort during the period full of opportunities and challenges. Meanwhile, a heartfelt thankfulness also goes to our clients and shareholders for their great support and continuous trust. I thank business partners of the Group and banks for their continuous support from the bottom of my heart. Looking forward to 2022, the Group will be committed to developing core business, creating new business models and adopting a new mindset and a fresh look to boost the development of the Group, fulfill dreams of the employees and help our shareholders increase values and rewards.

Ji Guang
Chairman

30 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Since the outbreak of the Pandemic, countries have actively promoted the research and development of vaccine and its inoculation in 2021. Although the global economy continued to recover moderately, the recurrence of the Pandemic undoubtedly posed challenges and uncertainties to the recovery of economy. The transition of energy mix, coupled with multiple factors such as climate change and geopolitical contest, had a tremendous repercussion on the stability of energy market, which triggered sharp fluctuations in energy prices. Consequently, energy crisis swept all over the world. Despite a complex internal and external environment, China's economy maintained overall stability with steady progress and it ranked high among major economies in terms of growth. China's GDP registered a rise of 8.1% in 2021 compared with last year's level, growing 5.1% on average over the past two years. We got the 14th Five-Year Plan off to a good start.

LPG gradually got rid of the bite of the Pandemic in 2021. Driven by the uptrend in prices of international crude oil, soaring Saudi CP and global energy shortage, the price of LPG surged drastically and remained high. As industries resumed consumption and domestic refinery processing rate rebounded, a relatively large increase occurred in the supply and demand for LPG during the year. In our country, the domestic output of LPG reached 47.57 million tonnes, an increase of 6.95% from 2020. The apparent consumption of LPG stood at 71.02 million tonnes, representing a year-on-year increase 12.38%. In recent years, the priority of LPG consumption has been given to domestic use and chemical use. Due to the structural adjustment made to transportation energy policy, the Group is withdrawing from the LPG vehicular sector in an orderly and gradual manner. During the year, the Group continuously improved the quality of its services and made its business model more diversified by making full use of its self-owned terminal, ancillary logistics delivery and premium gas. We also tapped into LPG industrial, commercial and domestic sectors and enhanced consumer satisfaction and enterprise value. The sales of our Group have been scaled up during the year.

2021 is the first year of 14th Five-Year Plan. Energy consumption maintaining steady growth and energy mix tilting towards clean and low-carbon energy become the keynote of the development of energy in China. Under the background of Double Carbon Targets, natural gas will serve as an important tool for our country to peak carbon dioxide emissions. China successively introduced favourable policies such as the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and Long-Range Objectives through the Year 2035 (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要), Working Guidance for Energy in 2021 (2021年能源工作指導意見), Action Plan for Deepening the Reform of Price Mechanism of the 14th Five-Year Plan Period (「十四五」時期深化價格機制改革行動方案), all of which strikingly contributed to the development of natural gas market across upstream, midstream and downstream and the continuous increase of share in primary energy consumption in China. The apparent consumption of natural gas in China reached 372.6 billion cubic meters in 2021, representing a year-on-year growth of 12.7%. Affected by factors including the effective control in the Pandemic in 2021, the economic recovery, the global energy crisis, the weak petrochemical investments, commodity prices surged dramatically as well as natural gas prices. Confronted with high natural gas prices, the Group has reduced procurement costs by means of sources of natural gas from various suppliers, adhered to a supply system of the integration of industry chains across upstream, midstream and downstream and provided premium and stable natural gas products for our end customers by means of our existing compress natural gas mother stations, logistics and terminal stations.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an integrated LPG and natural gas supplier in the PRC with a complete industry chain that engages in the sales of LPG and natural gas in Guangdong Province, Henan Province and Hebei Province and the operation of vehicular refuelling stations (車用加氣站) and domestic stations (民用站) in Guangdong Province and Henan Province with over 16 years of proven track records in the industry.

For the year ended 31 December 2021, the Group has recorded revenue of approximately RMB1,907.8 million, representing an increase of approximately RMB623.4 million as compared to approximately RMB1,284.4 million in 2020. The increase in revenue was mainly attributable to the rise in the sales volume and the unit selling price of LPG and CNG during the year.

(1) LPG Business

LPG could be used as fuel sources for cooking, heating appliances or vehicle fuel. As at 31 December 2021, the Group had 1 LPG vehicular refuelling station and 2 LPG domestic stations in Guangdong Province. There was also an LPG terminal with storage facilities located in Guangdong Province. Compared with the same period in 2020, we ceased to operate 3 LPG vehicular refuelling stations. That was because the loss caused by the significant decrease in sales resulted from the phase-out of vehicles fuelled by LPG in Guangzhou central areas under the influence of the structural adjustment on transportation energy policy. Therefore, the Group closed 3 LPG refuelling vehicular stations and had been trying to convert one of them into a hydrogenation station in response to the government's policy.

The Group possesses a comprehensive business model in our LPG business. Our upstream procurement of LPG consists of large scale LPG domestic gas suppliers with their own terminal and storage which mainly import LPG from overseas, and domestic petrochemical refineries. With the delivery of our intermediary logistics (including vehicles or gas carrier ships designated for LPG use), the Group is able to provide LPG to our customers including LPG vehicular refuelling stations, LPG domestic stations and wholesale customers, and our customers consist of retail and wholesale customers. The Group also owns the LPG terminals through Jiangmen Xinjiang Gas Company Limited (江門市新江煤氣有限公司) ("**Jiangmen Xinjiang Gas**"), a joint venture of the Group.

For the year ended 31 December 2021, the Group has recorded an LPG sales revenue of approximately RMB1,602.9 million, representing an increase of approximately RMB575.4 million as compared to approximately RMB1,027.5 million in 2020. The increase in revenue was mainly attributable to the rise in the wholesale sales volume of LPG and the unit selling price of LPG.

(2) CNG Business

CNG is widely used in short distance vehicles such as local buses, taxis and private vehicles. As at 31 December 2021, we had 12 CNG vehicular refuelling stations, 1 liquefied-to-compressed natural gas (the "**L-CNG**") vehicular refuelling station and 3 CNG mother stations in Henan Province.

The CNG business model is well supported by our upstream suppliers primarily consist of PetroChina Company Limited ("**PetroChina**"), by utilising the West to East Gas Transmission Tunnel (西氣東輸管道) to be supplied to our CNG mother stations, with our own logistics fleet being the major logistic system to the location of our CNG vehicular refuelling stations and the locations of our customers while some of our wholesale customers may also arrange for their own logistics arrangement. Our downstream portfolio consists of CNG vehicular refuelling stations and our customers consist of a variety of retail and wholesale customers.

For the year ended 31 December 2021, the Group has recorded the CNG sales revenue of approximately RMB241.8 million, representing an increase of approximately RMB52.6 million as compared to approximately RMB189.2 million in 2020. The increase in revenue was mainly attributable to the rise in the sales volume of CNG for vehicles and the unit selling price of CNG during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) LNG Business

The LNG refuelling market in China is still at an emerging stage due to its relatively high cost to process, liquefy and store compared with CNG. With the support of the PRC government policies, the development and promotion of LNG in the South China and coastal areas has developed rapidly, especially the rising demand for LNG in the industrial and power generation industries, which has laid a solid foundation for the growth of LNG. As at 31 December 2021, we had 2 LNG vehicular refuelling stations in Guangdong Province and 1 L-CNG vehicular refuelling station in Henan Province.

For our LNG business model, the Group possesses a strong upstream procurement suppliers formed by large-scale LNG terminal companies. As vehicles containing special cryogenic storage facilities and tanks for LNG use are required for transportation of LNG, the Group uses third party logistics service providers to transport our LNG to our LNG vehicular refuelling stations and to our wholesale customers. Meanwhile, the downstream portfolio consists of the LNG vehicular refuelling stations and our customers consist of retail and wholesale customers.

For the year ended 31 December 2021, the Group has recorded the LNG sales revenue of approximately RMB52.4 million, representing a decrease of approximately RMB5.6 million as compared to approximately RMB58.0 million in 2020. The decrease in revenue was mainly due to the decrease in the sales volume of LNG during the year.

As at 31 December 2021, we operated a total of 21 gas refuelling stations and 3 petroleum refuelling stations, two of which are jointly-owned gas refuelling stations.

As at 31 December 2021, the number of our gas refuelling stations and petroleum refuelling stations in operation are set out below:

	As at 31 December 2021	As at 31 December 2020
Gas refuelling stations		
LPG station	3 ⁽¹⁾	6
CNG station	12	12
LNG station	2	2
L-CNG station	1	1
CNG mother station	3	3
Total number of gas refuelling stations	21	24
Petroleum refuelling stations		
Petroleum refuelling stations	3	3
Total	24	27

MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, as at 31 December 2021, the breakdown of our gas refuelling stations and petroleum refuelling stations in operation by cities and provinces are set out below:

City, Province	LPG refuelling stations	LNG refuelling stations	CNG refuelling stations	L-CNG refuelling stations	Petroleum refuelling stations	Total number of stations
Guangzhou, Guangdong Province	1	2	0	0	0	3
Jiangmen, Guangdong Province	2 ⁽²⁾	0	0	0	0	2
Total number of stations in Guangdong Provinces	3	2	0	0	0	5
Xinyang, Henan Province	0	0	1	0	0	1
Zhengzhou, Henan Province	0	0	8	0	1	9
Zhumadian, Henan Province	0	0	3 ⁽³⁾	0	2	5
Xinzheng, Henan Province	0	0	3 ⁽⁴⁾	1	0	4
Total number of stations in Henan Province	0	0	15	1	3 ⁽⁵⁾	19
Total	3	2	15	1	3	24

Notes:

- Affected by the structural adjustment on transportation energy policy, three LPG refuelling station of the Group located in Guangzhou City, Guangdong Province noted a significant decrease in the number of refuelling vehicles, which led to a significant decrease in sales and loss of these LPG vehicular refuelling stations. Therefore, the Group closed down these LPG refuelling stations and had been trying to convert one of the LPG refuelling stations into a hydrogenation station in response to the government's policy.
- The two LPG domestic stations are owned by Jiangmen Xinjiang Gas, a joint venture of the Group.
- It comprises one CNG mother station in Zhumadian City, Henan Province.
- It comprises two CNG mother stations in Xinzheng City, Henan Province.
- The three petroleum refuelling stations are operated by independent third parties.

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue by product mix for the years ended 31 December 2021 and 2020 are summarized as below:

	For the year ended 31 December 2021			For the year ended 31 December 2020		
	Sales volume (Note)	Revenue (RMB'000)	Percentage of revenue (%)	Sales volume (Note)	Revenue (RMB'000)	Percentage of revenue (%)
Retail						
LPG	4,951	31,518	1.7%	8,614	48,328	3.8%
CNG	64.2	212,252	11.1%	48.6	160,362	12.5%
LNG	4,395	21,971	1.1%	7,573	27,905	2.2%
Sub-total		265,741	13.9%		236,595	18.5%
Wholesale						
LPG	356,323	1,571,401	82.4%	328,872	979,135	76.2%
CNG	10.9	29,505	1.5%	12.0	28,805	2.2%
LNG	8,014	30,475	1.6%	11,154	30,106	2.3%
Others		10,700	0.6%		9,717	0.8%
Sub-total		1,642,081	86.1%		1,047,763	81.5%
Total		1,907,822	100.0%		1,284,358	100.0%

Note: Sales volume for LPG and LNG are measured in tonnes and sales volume for CNG is measured in million cubic metres.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECTS

Since the outbreak of the Pandemic in 2020, it had undoubtedly brought a severe impact on global economy. The research and development of vaccine and its inoculation promoted actively all over the world led the global economy to recovery. Although the Pandemic hasn't got completely controlled yet and remained uncertain to some extent, it is on the whole under control in the current stage. That means that the whole world will enter a post-pandemic era and the Pandemic management will be normalised. The Group will continue to take effective measures to prevent and control the Pandemic, keep all employees in good condition and carry out businesses in a steady and orderly manner.

Under the background of Double Carbon Targets, natural gas and LPG are bound to be major energy for China to accomplish the goals and usher in opportunities for considerable development under coexistence. The Group's businesses are in clean energy sector, which attracts much attention from China as the direction of development and enjoys a broad prospect in respect of development.

In terms of LPG, its supply and demand will continue to grow for years to come as the integration of oil refineries develops and gradually becomes mature. Driven by the rapid development of deep processing industries, LPG will play a significant role in chemical sector. Looking forward to 2022, risks and opportunities will coexist in energy market. The global supply and demand will be in tight balance, for the global energy crisis remain unresolved. With the gradual recovery of end consumption and the effective containment of the Pandemic in China, the supply and demand for LPG is expected to increase compared with 2021's level. South China still dominates the market and will continue to maintain a high level of demand. We are committed to diving into South China and alerting to changes and trends in overseas and domestic oil and gas markets. We will work to make amiable communications with our suppliers to ensure long-term and stable gas supply for us and strengthen our ability of LPG logistics and storage in South China, seize opportunities for the sustainable growth in the LPG consumption from civil, industrial and commercial customers. We will endeavour to improve and expand our marketing teams and maintain an aggressive momentum in the battle for gaining market's share. We will provide premium and professional services to customers, proactively explore new energy field and vigorously promote the transformation and the upgrading of our businesses with a focus on safety in operation.

In terms of natural gas, it will play a significant role in China's energy mix as we look forward to the development of the 14th Five-Year Plan and the accomplishment of the Double Carbon Targets. As natural gas market become more market-driven in 2022, the type of upstream participants will be more diversified, infrastructure in midstream will be more open and the development of downstream will be more robust. Flexible system of production, supplying, storage and marketing will be progressively enhanced and market-based pricing will be achieved step by step. The share of natural gas in primary energy is expected to stand at 11.5% in 2025, up to 14% in 2030. The Group will act as an proactive participant in the market-led reform of gas in response to a series of policies such as Double Carbon and Double Control. We will improve the self-owned system of supplying, storage, delivery and marketing, go on deepening the industrial chain across upstream, midstream and downstream, promote quality products and services of the Group and make unremitting endeavour to develop fuel businesses in vehicular, industrial and chemical sectors.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group has recorded revenue of approximately RMB1,907.8 million, representing an increase of approximately RMB623.4 million as compared to approximately RMB1,284.4 million in 2020. The increase in revenue was mainly attributable to the rise in the sales volume and the unit selling price of LPG and CNG during the year.

Revenue from contracts with customers within the scope of IFRS 15	2021 RMB'000	2020 RMB'000
LPG	1,602,919	1,027,463
CNG	241,757	189,167
LNG	52,446	58,011
Others	10,700	9,717
	1,907,822	1,284,358

Cost of Sales and Gross Profit

The Group's cost of sales primarily consisted of all costs of procuring LPG, CNG and LNG from the Group's suppliers and logistic services providers for transporting gases. The Group's cost of sales increased by approximately RMB632.9 million from approximately RMB1,182.1 million in 2020 to approximately RMB1,815.0 million in 2021, which was mainly due to the rise in the purchase volume and the purchase unit price of LPG and CNG.

For the year ended 31 December 2021, the gross profit of the Group was approximately RMB92.8 million, representing a decrease of approximately RMB9.5 million as compared to approximately RMB102.3 million in 2020. The decrease in gross profit margin was due to the rise in the purchase price of LPG and LNG and the decrease in the retail sales volume of LPG and LNG for vehicles which has relatively higher gross profit margin.

Other Income

For the year ended 31 December 2021, the Group's other income amounted to approximately RMB41.9 million, representing an increase of approximately RMB17.6 million as compared to approximately RMB24.3 million in the corresponding period in 2020. This was mainly due to the increase in interest revenue calculated using the effective interest method and the waiver of the overprovision of accrued berthing services charges during the year.

Staff Costs

For the year ended 31 December 2021, the Group's staff costs were approximately RMB36.5 million, representing a decrease of approximately RMB1.2 million as compared to approximately RMB37.7 million in 2020. This was mainly due to the cessation of operation of the three LPG refuelling stations of the Group which led to the reduction of some refuelling station employees during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation

For the year ended 31 December 2021, the depreciation of the Group was approximately RMB23.6 million, representing a decrease of approximately RMB1.5 million as compared to approximately RMB25.1 million in 2020. The decrease was mainly due to the closure of 3 LPG vehicular refuelling stations and the disposal of related assets by the Group during the year.

Short-term Lease Charges

For the year ended 31 December 2021, the short-term lease charges of the Group was approximately RMB2.1 million, which was basically the same as the short-term lease charges of approximately RMB2.0 million for the same period in 2020.

Other Operating Expenses

For the year ended 31 December 2021, the Group's other operating expenses were approximately RMB35.1 million, representing a decrease of approximately RMB0.8 million as compared to approximately RMB35.9 million in 2020. This was mainly due to the closure of 3 LPG vehicle refuelling stations by the Group during the year.

Finance Costs

For the year ended 31 December 2021, the Group's finance costs were approximately RMB20.1 million, representing an increase of approximately RMB13.6 million as compared to approximately RMB6.5 million in 2020. This was mainly due to the increase in bank borrowing rates and average bank borrowings balances in 2021.

Profit Before Taxation

For the year ended 31 December 2021, the Group's profit before taxation was approximately RMB14.0 million, representing a decrease of approximately RMB4.3 million as compared to approximately RMB18.3 million in 2020.

Income Tax Expenses

For the year ended 31 December 2021, the Group's income tax expenses was approximately RMB5.6 million, representing an increase of RMB0.3 million as compared to approximately RMB5.3 million in 2020.

Profit for the Year

On the basis of the aforementioned reasons, for the year ended 31 December 2021, the Group achieved a profit for the year of approximately RMB8.4 million, representing a decrease of approximately RMB4.6 million as compared to approximately RMB13.0 million in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

For the year ended 31 December 2021, the financial position of the Group remained stable. The total value of assets was approximately RMB919.5 million, representing an increase of RMB252.7 million as compared to the total value of assets of approximately RMB666.8 million in 2020. The Group's cash was mainly held for working capital and gas facilities and equipment needs.

As at 31 December 2021, the Group had approximately RMB472.0 million in cash and bank balances.

Capital Expenditure

The capital expenditure of the Group was mainly related to the payments for purchase of property, plant and equipment amounted to approximately RMB4.1 million for the year ended 31 December 2021.

Interest-bearing Borrowings

The Group's interest-bearing borrowings as at 31 December 2021 and 2020 are summarised below:

	2021 RMB'000	2020 RMB'000
Secured bank loans	476,500	196,597

Gearing Ratio

The gearing ratio (calculated on the basis of the Group's total liabilities over total assets) was approximately 58.2% as at 31 December 2021 (31 December 2020: approximately 43.1%). The increase in gearing ratio was mainly attributable to the increase in bank loans of the Group.

Final Dividend

The Board has resolved not to declare the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of 448 employees (2020: 502), including 59 employees (2020: 49) of our joint venture, Jiangmen Xinjiang Gas. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees. The remuneration payable to its employees includes salaries and allowances. The Group attaches importance to the creation and devotion of employees, acknowledges the important position of talent resource in the development of business operation and is committed to develop and maintain good relationship with employees. The Group regularly organizes safety and skills training for its employees, and encourages its employees to attend industry-related seminars organized by professional institutions, in order to enhance the safety and technical capability of employees and promote their career growth and development.

USE OF PROCEEDS FROM THE LISTING

After deduction of all related listing expenses and commissions, the net proceeds from the listing of shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 December 2018 (the "Listing") amounted to approximately HK\$120.3 million. Details of the proposed use of such net proceeds are disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 27 February 2020. Up to 31 December 2021, the Group had utilized approximately HK\$63.7 million, representing approximately 53.0% of the net proceeds from the Listing as follows:

Intended use of proceeds	Original	Revised	Utilisation as at	Remaining	Expected timeline for full utilisation of the remaining proceeds ⁽⁴⁾
	allocation	allocation as at	31 December	balance as at	
	HK\$ million	27 February 2020 ⁽³⁾ HK\$ million	31 December 2021 HK\$ million	31 December 2021 HK\$ million	
To acquire operating rights of an LPG domestic station ⁽¹⁾	20.5	20.5	0	20.5	By the end of 2023 ⁽¹⁾
To strengthen our LPG logistics and storage capacity by constructing storage facilities ⁽²⁾	21.7	21.7	0	21.7	By the end of 2023 ⁽²⁾
To complete construction, purchase land, equipment and machineries and installation for the new CNG mother station	27.7	14.5	14.5	0	Nil
To construct new refuelling stations, purchase and install their requisite equipment and machineries and perform maintenance of our existing refuelling stations	24.1	16.1	16.1	0	Nil
To increase our logistics capacity by purchasing additional vehicle fleets	14.4	14.4	0	14.4	By the end of 2023
To finance the acquisition ⁽³⁾	–	21.1	21.1	0	Nil
General working capital	12.0	12.0	12.0	0	Nil
Total	120.3	120.3	63.7	56.6⁽⁵⁾	

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Due to the impact of the Pandemic on the global economy and business environment, the Group has not yet identified a suitable acquisition target. As the economic situation remains gloomy at present, the Group will identify suitable acquisition targets by adopting a prudent strategy. Therefore, the use of such proceeds is expected to be suspended until the end of 2023.
2. The construction of storage facilities are affected by the change of project progress and the Pandemic, and the Group will delay the use of net proceeds accordingly and delay the construction of the storage facility until the end of 2023.
3. The Group acquired 50% of the equity interests of Henan Blue Sky Sino Gas Technology Company Limited and fully utilised the redistributed net proceeds at the end of March 2020. For details, please refer to the announcement of the Company dated 27 February 2020.
4. The expected timeline for full utilisation of the remaining proceeds is made based on the best estimation of the Group taking into account, among others, the prevailing and future market conditions and business developments and need, and therefore is subject to change.
5. As at 31 December 2021, the Group expected that, except for those described in the notes above, there will be no change in the planned use and timing of the use of proceeds from the Listing, and the unutilized net proceeds will be deposited into interest-bearing bank accounts.

FOREIGN EXCHANGE EXPOSURE

As all of our operations are located in the PRC, all of the revenue from customers of the Group are derived from activities in the PRC.

The reporting currency of the Group is RMB. The Group has currency risk exposures arising from business operations and financial instruments that are denominated in a foreign currency, and such risk is primarily Hong Kong Dollar. In order to limit this foreign currency risk exposure, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position for the year ended 31 December 2021. Our finance department is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the general manager, financial controller and the Board, and monitoring the investments on a continuous basis.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2021, the Group held unlisted equity securities of approximately RMB16.4 million, which was a supplemental means to improve utilisation of our cash on hand.

As at 26 March 2021, the Group, through Guangdong Sino Gas Investment Company Limited (廣東中油潔能投資有限公司) (“**GD Investment**”), a wholly owned subsidiary, subscribed interests in the Zhuhai Hengqin Jingcheng Jucheng Venture Capital Fund (Limited Partnership) (珠海橫琴境成聚成創業投資基金(有限合夥)) in the amount of RMB10.0 million.

Apart from the aforementioned disclosure, the Group had no definite future plans for material investments and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

As at 9 April 2021, the Group, through GD Investment, a wholly owned subsidiary, subscribed interests in the Guangzhou Qiande Education Consulting Partnership (Limited Partnership) (廣州乾德教育諮詢合夥企業(有限合夥)) in the amount of RMB20.0 million. For details, please refer to the announcements of the Company dated 9 and 16 April 2021.

For the year ended 31 December 2021, apart from the aforementioned acquisition, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

In 2019, a subsidiary of the Group has been claimed, as one of the co-defendants, to compensate for damages arising from debt disputes between the plaintiff and other third parties. The maximum exposure of the Group under the claims may amount to approximately RMB64,414,000 (the “**Claim**”). In 2020, the Group was awarded a judgement in favour of the Group and the Group was considered not liable for the Claim according to the judgement. As at the date of this report, the aforesaid judgement has been revoked by the appeal from the plaintiff and re-trial in respect of the Claim has been opened without further hearing. Based on legal advices, the Directors do not consider it probable that the subsidiary will be found liable to the Claim and accordingly, no provision has been made as at 31 December 2021.

PLEDGE OF ASSETS

Included in pledged and restricted deposits, RMB394,500,000 (2020:RMB115,500,000) was pledged as securities for the Group’s bank loans as at 31 December 2021. Another pledged and restricted deposits of RMB7,550,000 as at 31 December 2020 was pledged as securities for the Group’s foreign exchange forward contracts and matured during the year 2021.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company’s shares.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND RISK CONTROL MECHANISM

The Group has implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, financial reporting and recording, treasury management, compliance with applicable laws and regulations on environmental protection, and operation safety. The Board oversees and manages the overall risks associated with our operations. We have established the audit committee of the Company (the “**Audit Committee**”) to review and supervise the financial reporting process and internal control system of the Group. The management team of the Company is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner while the effectiveness of our risk management framework will be evaluated at least once a year, and periodic management meetings are held to update the progress of risk monitoring efforts by the Audit Committee and the Board. The Group monitors material risks and improves ability against risks by building standard norms and effective risk control mechanism.

Principal Risks

For the year ended 31 December 2021, the following principal risks of the Group were identified and classified as follows:

- The business of the Group is subject to the development of the PRC government policies and any future unfavourable policies may materially and adversely affect our business development and performance. We cannot predict future changes in laws and regulations or government policies, which may vary and are beyond the control of the Group;
- The Group is dependent on our major suppliers and any instability in or shortages of supply of LPG and LNG from our major suppliers could significantly and adversely affect our business;
- PetroChina is our ultimate major supplier for CNG in Henan Province and any instability or shortages of supply of natural gas to us from PetroChina could significantly and adversely affect our business;
- The gross profit margin and growth in profit may fluctuate in the future as our purchase price and selling price of our gas products (including LPG, CNG and LNG) are sensitive to factors beyond our control;
- Competition from alternative vehicle fuels could be intensified, particularly with technological advancement of and increasing governmental support for electric vehicles, which may reduce the demand for our gas refuelling business;
- The Group is exposed to credit risk of our customers. If the credit worthiness of our customers deteriorates or if a significant number of our customers fails to settle their trade and bill receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected; and
- The vagaries of the Pandemic had an adverse impact on our operating performance and financial position. If the outbreak of the Pandemic re-emerges or escalates or any similar public safety incidents that have a significant adverse impact on our business area happen, the relevant events may have a significant impact on our business and financial position.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Ji Guang (姬光先生) (“**Mr. Ji**”), aged 59, is the Chairman of the Board and an executive Director. Mr. Ji was appointed as a Director on 26 March 2018 and re-designated as an executive Director on 11 June 2018. Mr. Ji was the Chief Executive Officer of the Group and stepped down from his role as the Chief Executive Officer with effect from 8 January 2021. Mr. Ji is the father of Ms. Ji Ling, an executive Director, the Vice-Chairman of the Board and the Chief Executive Officer of the Group.

As one of the founders of the Group, Mr. Ji has about 16 years of experience in the gas retail business and gas wholesale business. Mr. Ji co-founded the Group with AVIC Group (i.e. AVIC Joy Holdings (HK) Limited (幸福控股(香港)有限公司) (stock code: 260) and its subsidiaries) by setting up Sino Gas (Zhuhai) Limited (中油潔能(珠海)石化有限公司) (“**ZH Petrochemical**”). He served as the chairman of ZH Petrochemical from January 2009 to December 2014 and was re-designated to be a director of ZH Petrochemical from December 2014 to August 2017, and eventually he was again re-designated as the chairman in August 2017. Mr. Ji is also serving as a director in certain subsidiaries of the Company, and is responsible for overseeing the overall management and development of our gas retail business and gas wholesale business.

Mr. Ji graduated from Sichuan Radio and TV University (四川廣播電視大學), the PRC in August 1983 and specialised his studies in Mechanics (機械類專修科). Mr. Ji subsequently obtained an Executive Master of Business Administration (EMBA) degree (高級管理人員工商管理碩士專業學位) from Tsinghua University (清華大學), the PRC in June 2011. He is now pursuing a doctorate degree in Management Science and Engineering (管理科學與工程) at the College of Management of Tianjin University (天津大學管理學院), the PRC.

Prior to co-founding the Group, Mr. Ji held various managerial positions in China Aero-Technology Import and Export Company Zhuhai Industrial Centre (中國航空技術進出口公司珠海工貿中心) from April 1985 to August 1993. Mr. Ji was the chairman of Sino Aero Limited (國航企業有限公司), an aviation corporation, for the period from September 1993 to October 2004 and a director of Zhuhai Sino Aero Limited (珠海國航企業有限公司) from 1990 to July 2021. He has also served as the Vice President of the Fifth Council of China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會).

Ms. Ji Ling (姬玲女士) (“**Ms. Ji**”), aged 32, is the Vice-Chairman of the Board, an executive Director, the Chief Executive Officer and the financial controller of the Group. She joined the Group in April 2016 as the investment director of Guangdong Sino Gas Investment Company Limited (廣東中油潔能投資有限公司). She is primarily responsible for financial planning and strategic management of the Group and overseeing the internal control and risk management policies of the Group. Ms. Ji was appointed as a Director on 11 June 2018 and re-designated and/or appointed as an executive Director and the Vice-Chairman of the Board on 11 June 2018 and 22 November 2018 respectively. She was subsequently appointed as the Chief Executive Officer of the Group with effect from 8 January 2021. She participates in planning business and marketing strategies, supervising the overall operations of the Group, and overseeing the daily management business of the Group. Since 2019, Ms. Ji was also appointed as the director of various subsidiaries of the Company. Ms. Ji is a daughter of Mr. Ji, the Chairman of the Board and an executive Director.

Ms. Ji completed the programme of Associate of Business Administration at the School of Professional and Continuing Education Community College of The University of Hong Kong (HKUSPACE) in June 2009. She then obtained a degree of Bachelor of Science in Accounting and Finance from the University of East Anglia, the United Kingdom in July 2012 and a degree of Master of Science in Management of Information Technology from the University of Nottingham, the United Kingdom in December 2013. She is now pursuing an Executive Master of Business Administration (EMBA) degree at the PBC School of Finance, Tsinghua University (清華大學五道口金融學院), the PRC.

Before she joined the Group, Ms. Ji served as an auditor of the audit and assurance department at Deloitte Touche Tohmatsu from October 2014 to February 2016.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Cui Meijian (崔美堅女士) (“**Ms. Cui**”), aged 38, is an executive Director. Ms. Cui was appointed as a Director on 11 June 2018 and was re-designated as an executive Director on the same date.

Ms. Cui joined the Group in December 2006 as the vice-manager of the human resources department of Guangzhou Sino Gas Fuel Chain Company Limited (廣州中油潔能燃氣連鎖有限公司) (“**GZ Sino Gas**”). In September 2008, Ms. Cui was appointed as the vice-manager of finance department and human resources department of GZ Sino Gas and was appointed as the deputy general manager of Guangdong Sino Gas Petrochemical Company Limited (廣東中油潔能石化有限公司) (“**GD Petrochemical**”) in July 2014. She has since held various senior management positions in the Group. Ms. Cui has about 14 years of experience in Gas Retail Business and Gas Wholesale Business. She is now serving as a director of certain subsidiaries of the Company, and is responsible for overseeing the management and operation of our Gas Refuelling Business and Gas Wholesale Business of the Company.

Ms. Cui obtained a Bachelor degree of law in Ideological Political Education (思想政治教育) from Zhaoqing University (肇慶學院), the PRC in July 2006. She then completed a postgraduate programme in Economic Law (經濟法學) at Sun Yat-Sen University (中山大學), the PRC in October 2010 and an Executive Master of Business Administration (EMBA) degree at South China University of Technology (華南理工大學), the PRC in December 2017.

Ms. Cui was appointed Vice President (副會長) of the sixth Council of the Guangdong Oil and Gas Association (廣東油氣商會) in December 2018.

Mr. Zhou Feng (周楓先生) (“**Mr. Zhou**”), aged 38, is an executive Director. Mr. Zhou was appointed as a Director on 11 June 2018 and re-designated as an executive Director on the same date.

Mr. Zhou joined the Group as a project manager of GZ Sino Gas in May 2010 and was later promoted to its sales director in June 2012. He has since held various senior management positions in the Group. Mr. Zhou has about 11 years of experience in gas retail business and gas wholesale business. He is now serving as a director of Jiangmen Xinjiang Gas and is responsible for overseeing the management and operation of the businesses of the Group.

Mr. Zhou obtained a Bachelor degree in Thermal Energy and Power Engineering (熱能與動力工程) from Southeast University (東南大學), the PRC in June 2005. He subsequently obtained a Master degree in Engineering Thermophysics (工程熱物理) from Nanchang University (南昌大學), the PRC in June 2008.

Mr. Zhou obtained a qualification certificate as a middle-level works safety director (中級安全主任) from the Administration of Work Safety of Guangdong Province (廣東省安全生產監督管理局) in November 2010. He also obtained a qualification certificate as an engineer in energy power (能源動力) with intermediate specialised technical skill (中級專業技術) from the Talent Flowing Centre of Jiangxi Province (江西省人才流動中心) in November 2011.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Sheng Yuhong (盛宇宏先生) (“Mr. Sheng”), aged 55, was appointed as our independent non-executive Director on 22 November 2018. He is also the chairman of the Nomination Committee, a member of Audit Committee and Remuneration Committee of the Company.

Mr. Sheng obtained a Bachelor degree in Architecture from South China University of Technology, the PRC in July 1989. He subsequently obtained an Executive Master of Business Administration (EMBA) degree at Tsinghua University, the PRC in January 2008.

Since August 1985, Mr. Sheng has been serving as the chairman of the president office (總裁辦) of Guangzhou Hansen Architecture and Design Company Limited (廣州漢森建築設計有限公司) and since May 1993, he has been a managing partner of Guangzhou Bosheng Architecture and Design Consultancy Firm (廣州伯盛建築設計事務所).

Mr. Sheng obtained a qualification certificate as a Grade-1 certified architect (一級註冊建築師) of the PRC from the National Administrative Committee of Certified Architects (全國註冊建築師管理委員會) in August 2003. He also obtained a qualification certificate as a senior interior architect (高級室內建築師) from the China Building Decoration Association (中國建築裝飾協會) in May 2005.

In 2021, Mr. Sheng was appointed as the vice director general (副會長) of the Guangdong Province Registered Architects Association (廣東省註冊建築師協會), the president (會長) of the private branch of the Guangdong Engineering Exploration & Design Association (廣東省工程勘察設計行業協會民營分會) and the honorary president (榮譽會長) of the Yancheng Design Alliance (羊城設計聯盟). In November 2019, Mr. Sheng was appointed as the deputy supervisor of the first board of supervisors (監事會) of the China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會). In August 2019, Mr. Sheng was appointed as a member of the Guangdong Province Undergraduate College Construction Specialty Teaching Steering Committee (廣東省本科高校建築類專業教學指導委員會). In December 2014, Mr. Sheng was appointed as the deputy secretary-general of the Environmental Arts Committee of Guangdong Architecture and Civil Engineering Association (廣東省土木建築學會環境藝術專業委員會). He has also been appointed as a visiting professor at the School of Architecture and Urban Planning of Guangdong University of Technology (廣東工業大學建築與城市規劃學院) from September 2009 to September 2012.

Mr. Wang Zhonghua (王忠華先生) (“Mr. Wang”), aged 60, was appointed as our independent non-executive Director on 22 November 2018. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Wang obtained a Bachelor degree in Civil Engineering Specialising in Railway Engineering (土木工程系鐵路工程專業) from Lanzhou Tiedao College (蘭州鐵道學院) (now renamed as Lanzhou Jiaotong University (蘭州交通大學)), the PRC in July 1986. Mr. Wang was registered as a certified cost engineer with Guangdong Construction Practice Qualification Registration Centre (廣東省建設執業資格註冊中心) since October 2009. He was also admitted as a professional member of the Royal Institution of Chartered Surveyors in December 2008 and was granted the professional qualification of senior engineer by the Shenzhen Senior Professional Technology Qualification Committee for Engineering Technology in April 2019.

From 1990 to July 1992, Mr. Wang was employed to be responsible for cost engineering at Ministry of Construction of the Ministry of Railways of the PRC (中華人民共和國鐵道部建設司). Since January 1992, he worked as an engineer at The Third Railway Survey and Design Institute of the Ministry of Railways of the PRC (鐵道部第三勘察設計院). He has also been transferred to Shenzhen City Metro Company Limited (深圳市地鐵有限公司) since October 1993.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Zheng Jian Peng (鄭健鵬博士) (“**Dr. Zheng**”), aged 39, was appointed as our independent non-executive Director on 22 November 2018. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Dr. Zheng obtained a Bachelor degree in Business Administration in Accounting from the Open University of Hong Kong in December 2006 and a Master of Laws in International Economic Law degree from the Chinese University of Hong Kong in November 2012. Dr. Zheng subsequently obtained a degree of Doctor of Business Administration from the Apollon University, the USA in September 2016. He is now pursuing a doctorate degree in Business Administration at the Hong Kong Polytechnic University. Dr. Zheng was admitted as a member of the Hong Kong Institute of Certified Public Accountants in July 2010 and was admitted as a member of the Institute of Chartered Accountants in England and Wales in January 2013.

Dr. Zheng was an executive director and the company secretary of Century Energy International Holdings Limited (formerly known as China Oil Gangran Energy Group Holdings Limited) (stock code: 8132), from 15 December 2015 to 25 February 2020 and from 31 October 2016 to 22 April 2020 respectively. For the period from January 2014 to April 2014, Dr. Zheng was a non-executive director of Sing Pao Media Enterprises Limited (“**Sing Pao Media**”). In April 2014, Dr. Zheng was re-designated as an executive director to Sing Pao Media until his resignation in October 2014.

Dr. Zheng was a financial controller of China Fortune Investments (Holding) Limited (formerly known as China Public Healthcare (Holding) Limited) from March 2010 to March 2012 and he was an executive director of Global Strategic Group Limited (stock code: 8007) for the period from October 2014 to June 2016. Dr. Zheng was also an independent non-executive Director of Success Dragon International Holdings Limited (stock code: 1182) from August 2016 to September 2017.

SENIOR MANAGEMENT

Mr. Li Pei (李霽先生) (“**Mr. Li**”), aged 52, is the general manager in respect of the Group’s business in Henan Province and is an executive vice president of the Group.

Mr. Li joined the Group in August 2006 as deputy general manager of GZ Sino Gas and has since held various senior management positions in the Group. He is now a director of certain subsidiaries of the Company and is responsible for supervising and managing the operation of the refuelling stations in Henan Province.

Mr. Li obtained a Bachelor degree in Investment and Economics from Zhongnan University of Economics (中南財經大學), the PRC in July 1993. He is now pursuing an Executive Master of Business Administration (EMBA) degree at the School of Management of Xiamen University (廈門大學經濟管理學院), the PRC. Mr. Li obtained a qualification certificate as an intermediate speciality in financial economics from the Ministry of Personnel, the PRC in November 1998.

Mr. Zhou Weidong (周偉東先生) (“**Mr. Zhou**”), aged 36, is the financial controller in respect of the Group’s business in Guangdong Province. He is primarily responsible for overseeing the finance and accounting matters in respect of business of the Group in Guangdong Province.

Mr. Zhou joined the Group in September 2012 as the finance deputy manager of GZ Sino Gas and was promoted as finance manager and then finance director of GZ Sino Gas in January 2014 and January 2017 respectively and he is responsible for the overall financial management and accounting matters of GZ Sino Gas.

Mr. Zhou obtained a Bachelor degree in Accountancy from Guangdong University of Finance (廣東金融學院), the PRC in July 2010. Mr. Zhou also passed the intermediate level PRC National Accountancy Qualification Examination (全國會計專業技術中級資格考試) in 2017.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Wong Pui Yin Peony (黃佩彥) (“Ms. Wong”), was appointed as the company secretary of the Company on 8 May 2020.

Ms. Wong is currently a senior manager of Corporate Services of Tricor Services Limited. Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms Wong is currently the company secretary of SinoMab BioScience Limited (stock code: 3681) and Channel Micron Holdings Company Limited (stock code: 2115), the shares of which are listed on the Stock Exchange. Ms. Wong is a member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. She holds a Bachelor of Commerce (Accounting and Finance) and a Master of Business Administration from the University of New South Wales.

REPORT OF THE DIRECTORS

The Board of the Company is pleased to present this report together with the consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company and its subsidiaries are mainly engaged in the provision of integrated LPG and natural gas services. The Company, together with its subsidiaries, operates LPG, CNG and LNG vehicle refuelling stations, CNG mother stations and LPG, CNG and LNG wholesale businesses. The Company primarily operates its business in the PRC.

An analysis of the principal activities of the Group during the year ended 31 December 2021 is set out in the section headed “Management Discussion and Analysis” in this annual report.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group, indication of likely future developments in the Group’s businesses and other relevant information, can be found in the section headed “Management Discussion and Analysis” as set out on pages 5 to 17 and the section headed “Chairman’s Statement” as set out on pages 3 to 4 of this annual report. Such discussion forms part of this “Report of the Directors”.

The environmental policies and performance, compliance with relevant laws and regulations and relationships with employees are also discussed in the “Environmental, Social and Governance Report” on pages 48 to 68 of this annual report.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out on page 150 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

The shares of the Company were listed on the Stock Exchange by way of global offering of 54,000,000 ordinary shares on 28 December 2018 (the “Listing Date”). Details of movements in the share capital of the Company for the year ended 31 December 2021 and details of the shares issued during the year ended 31 December 2021 are set out in Note 25 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company’s subsidiaries are set out in Note 14 to the consolidated financial statements.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group. The Group maintains strong relationships with its employees and offers them with safe working environments. The Group has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

Further details are set out in the “Management Discussion and Analysis” section and in the “Environmental, Social and Governance Report” on pages 5 to 17 and pages 48 to 68 of this annual report respectively.

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and is committed to becoming an environmentally-friendly corporation. Details of our environmental, social and governance policies and performance during the year ended 31 December 2021 shall be disclosed in the “Environmental, Social and Governance Report” on pages 48 to 68 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2021, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the “Articles”) or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2021 are set out in Note 12 to the consolidated financial statements. There were no investment properties of the Group during the year ended 31 December 2021.

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

EQUITY-LINKED AGREEMENTS

Save as disclosed in “Share Option Scheme” as set out in this section, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2021.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company during the year ended 31 December 2021 are set out in Note 35 to the consolidated financial statements.

As at 31 December 2021, the Company’s reserves available for distribution, calculated in accordance with the Cayman Islands Companies Law, amounted to approximately RMB167.7 million. The amount of approximately RMB167.7 million includes the Company’s share premium account of approximately RMB173.4 million and accumulated losses of approximately RMB5.7 million in aggregate as at 31 December 2021, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

REPORT OF THE DIRECTORS

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2021 are set out in the section headed “Management Discussion and Analysis” in this annual report and Note 22 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group’s five largest customers (including joint venture “Jiangmen Xinjiang Gas”) accounted for 69.6% of the total sales for the year and sales to Jiangmen Xinjiang Gas, the largest customer included therein, amounted to 51.7%. Purchases from the Group’s five largest suppliers accounted for 63.2% of the total purchases for the year and purchase from the largest supplier included therein amounted to 27.2%. Save as disclosed above, none of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company’s issued share capital) had any beneficial interest in the Group’s five largest customers and suppliers.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of 448 employees (2020: 502), including 59 employees (2020: 49) of our joint venture, Jiangmen Xinjiang Gas. The Group’s remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees. The remuneration payable to its employees includes salaries and allowances. The Group attaches importance to the creation and devotion of employees, acknowledges the important position of talent resource in the development of business operation and is committed to developing and maintaining good relationship with employees. The Group regularly organizes safety and skills training for its employees, and encourages its employees to attend industry-related seminars organized by professional institutions, in order to enhance the safety and technical capability of employees and promote their career growth and development.

Compensation of key executives of the Group is reviewed by the Company’s Remuneration Committee which is based on the Group’s performance and the executives’ respective contributions to the Group. The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of the scheme are set out in the section headed “Share Option Scheme” below. The total remuneration cost incurred by the Group for the year ended 31 December 2021 was approximately RMB36.5 million.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2021.

RELATED PARTY TRANSACTIONS

Related party transactions entered into by the Group for the year ended 31 December 2021 are disclosed in Note 28 to the consolidated financial statements. Our Directors confirm that all related party transactions during the year ended 31 December 2021 were conducted on normal commercial terms that were reasonable and in the interest of the Group as a whole.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions which are subject to annual review and reporting requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Directors confirm that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions. Save as disclosed in below sections of this report, there were no other connected transactions or non-exempted continuing connected transactions under the Listing Rules as at the date of this report.

REPORT OF THE DIRECTORS

1. Supply of CNG by the Group

Zhengzhou Sino Gas and Zhengzhou City Public Transportation Head Company (“**Zhengzhou Public Transportation**”) renewed a CNG supply agreement (“**CNG Supply Agreement**”) on 31 December 2020, pursuant to which Zhengzhou Sino Gas (for itself and on behalf of other members of the Group) agreed to supply CNG to Zhengzhou Public Transportation, in consideration for the payment of gas charges to the Group.

Zhengzhou Sino Gas, one of our subsidiaries, was owned as to 38% by Zhengzhou Public Transportation. As such, Zhengzhou Public Transportation is a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

CNG Supply Agreement is extended for three years from 1 January 2021 to 31 December 2023.

For details on the total consideration and terms of the above the continuing connected transactions, please refer to the announcements of the Company dated 31 December 2020 and 8 January 2021.

2. Wholesale of LPG by the Group

GD Petrochemical and Guangzhou City Jiahexing Development Company Limited (“**GZ Jiahexing Development**”) renewed a LPG supply agreement (“**LPG Supply Agreement**”) on 31 December 2020, pursuant to which GD Petrochemical (for itself and on behalf of other members of the Group) agreed to supply LPG to GZ Jiahexing Development, in consideration for the payment of gas charges to the Group.

Guangzhou Sino Gas Jiahexing Petrochemical Company Limited (“**GZ Jiahexing**”), one of our subsidiaries, was owned as to 49% by GZ Jiahexing Development. As such, GZ Jiahexing Development is a connected person of our Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. GZ Jiahexing had been cancelled on 14 October 2021. From that date, GZ Jiahexing ceased to be a subsidiary of our Company and GZ Jiahexing Development ceased to be a connected person of our Company at the subsidiary level.

LPG Supply Agreement is extended for three years from 1 January 2021 to 31 December 2023.

For details on the total consideration and terms of the above the continuing connected transactions, please refer to the announcements of the Company dated 31 December 2020 and 8 January 2021.

The following table sets forth the respective annual caps and actual amounts for the continuing connected transactions of the Group for the year ended 31 December 2021:

Name of a Connected Person	Nature of the Transaction	Annual caps for the year ended	Actual amounts for the year ended
		31 December 2021 (RMB million)	31 December 2021 (RMB million)
Zhengzhou Public Transportation	Supply of CNG by the Group	96.1	54.8
GZ Jiahexing Development	Wholesale of LPG by the Group	82.1	63.8

REPORT OF THE DIRECTORS

The Company's auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2021 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group as above in accordance with Rule 14A.56 of the Listing Rules.

Confirmation of independent Non-executive Directors:

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2021 and confirmed such transactions have been:

- (1) entered into in the ordinary and usual course of business of the Group;
- (2) entered into on normal or better commercial terms; and
- (3) conducted in accordance with the relevant agreement whose terms are fair and reasonable and in the interests of the shareholders as a whole.

EXEMPTED CONTINUING CONNECTED TRANSACTION

Grant of site usage right to the Group

Zhengzhou Public Transportation and Zhengzhou Sino Gas renewed a licensing agreement ("**Licensing Agreement**") at 31 December 2020, pursuant to which Zhengzhou Public Transportation, as grantor, agreed to grant the site usage right of the Relevant Sites to Zhengzhou Sino Gas, in consideration for the payment of an annual license fee, payable by an annual amortisation of the prepaid license fee.

Zhengzhou Sino Gas, one of our subsidiaries, was owned as to 38% by Zhengzhou Public Transportation. As such, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level pursuant to Rule 14A of the Listing Rules.

The period of Licensing Agreement is extended for three years from 1 January 2021 to 31 December 2023. (renewable upon the sole discretion of Zhengzhou Sino Gas up to 14 January 2025, i.e. the expiry of the 20-year period under the joint venture agreement)

Therefore, the continuing connected transactions under the Licensing Agreement constitute de minimis transactions under Rule 14A.76(1) of the Listing Rules and are therefore fully exempt from the independent shareholders' approval, annual review and all disclosure requirements. For details on the above the continuing connected transactions, please refer to "Exempted Continuing Connected Transactions" in the section headed "Connected Transactions" to the Prospectus.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors who held office during the year ended 31 December 2021 and up to the date of this annual report are:

Executive Directors:

Mr. Ji Guang (*Chairman*)
Ms. Ji Ling (*Vice-Chairman and Chief Executive Officer*)
Ms. Cui Meijian
Mr. Zhou Feng

Independent Non-executive Directors:

Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng

Biographical details of the Directors and senior management of the Group are set out in the section headed “Biographical Information of Directors and Senior Management” on pages 18 to 22 of this annual report.

In accordance with Article 105(A) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not three (3) or a multiple of three (3), then the number nearest to but not less than one-third) shall retire from office by rotation. In accordance with Article 109 of the Articles, any director appointed by the Board to fill a casual vacancy during the year shall hold office until the next following general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

Accordingly, Mr. Ji Guang, Mr. Wang Zhonghua and Mr. Sheng Yuhong will retire from office at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

CHANGES TO DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors for the year ended 31 December 2021 and up to the date of this report are set out below:

Mr. Ji Guang ceased to act as the Chief Executive Officer of the Group on 8 January 2021. He was appointed as a director of Sino Gas New Energy Investment Limited (“**HK New Energy**”), Zhuhai Sino Gas Dangerous Goods Transportation Company Limited and Guangdong Sino Gas New Energy Company Limited on 3 February 2021, 4 June 2021 and 30 January 2022 respectively. He resigned as a director of Zhuhai Sino Aero Limited (珠海國航企業有限公司) on 2 July 2021 and Guangzhou Sino Gas Jiahexing Petrochemical Company Limited on 14 October 2021.

Ms. Ji Ling was appointed as the Chief Executive Officer of the Group on 8 January 2021; appointed as a director of Guangzhou Sino Gas Fuel Chain Company Limited and Guangzhou Sino Gas Fuel Sales Company Limited on 9 March 2021 respectively; appointed as a director of GD Petrochemical on 30 April 2021; and appointed as a director of Sino Gas Technology Group Limited on 13 September 2021.

REPORT OF THE DIRECTORS

Ms. Cui Meijian was appointed as a director of Guangzhou Sino Gas Fuel Chain Company Limited and Guangzhou Sino Gas New Energy Investment Limited on 9 March 2021 respectively; appointed as a director of Sino Gas (Zhuhai) Limited on 17 May 2021; and resigned as a director of HK New Energy on 3 February 2021 and a director of Guangzhou Sino Gas Jiahexing Petrochemical Company Limited on 14 October 2021.

Mr. Zhou Feng resigned as the director of HK New Energy on 3 February 2021.

In 2021, Mr. Sheng Yuhong was appointed as the vice director general (副會長) of the Guangdong Province Registered Architects Association (廣東省註冊建築師協會) in November 2021, the president (會長) of the private branch of the Guangdong Engineering Exploration & Design Association (廣東省工程勘察設計行業協會民營分會) in 28 July 2021 and the honorary president (榮譽會長) of the Yancheng Design Alliance (羊城設計聯盟) in December 2021. He resigned as the president (會長) of the Yancheng Design Alliance in December 2021.

Save as disclosed in this report, the Directors confirm that in relation to their profile, no information is required to be disclosed pursuant to Rules 13.51B(1) of the Listing Rules.

PERMITTED INDEMNITY

Pursuant to the Articles and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. During the year, the Company has taken out the appropriate directors' and officers' liability insurance.

DIRECTORS' SERVICE CONTRACT

None of the Directors has a service contract with the Company and/or any of its subsidiaries, which is not terminable by employing company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group in 2021 are set out in Notes 9 to the consolidated financial statements of this annual report.

For the year ended 31 December 2021, no emoluments (2020: Nil) were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office, and no arrangement under which any of the directors waived or agreed to waive any of the emoluments.

For the year ended 31 December 2021, no emoluments (2020: Nil) were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and no arrangement under which any of the highest paid individuals waived or agreed to waive any of the emoluments.

REPORT OF THE DIRECTORS

RETIREMENT BENEFITS PLANS

Details of retirement benefits plans of the Group as at 31 December 2021 are set out in Note 7 to the consolidated financial statements of this annual report.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the "Continuing Connected Transactions" as set out in this report and the related party transactions disclosed in Note 28 to the consolidated financial statements of this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (the "**Controlling Shareholders**") or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the year ended 31 December 2021.

COMPETING BUSINESS

During the year ended 31 December 2021, none of the Directors or the Controlling Shareholders and their respective close associates had any interests in any business, apart from the business of the Group, which competes or likely to compete (either directly or indirectly) with the business of the Group.

DEED OF NON-COMPETITION

Mr. Ji Guang, Petrochemical Gas Group Limited ("**VISTA Co**"), Sino Gas Holdings Group Limited ("**Sino Gas BVI**"), China Full Limited ("**China Full**"), Petrochemical Gas Energy Group Limited ("**PCG Employee BVI**") and Petrochemical Gas Energy Limited ("**PCG BVI**"), each being a controlling shareholder (as defined under the Listing Rules) of the Company, have entered into a deed of non-competition dated 22 November 2018 in favour of the Company (the "**Deed of Non-Competition**"). Details of the Deed of Non-Competition was set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The independent non-executive Directors of the Company have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the Controlling Shareholders up to the date of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as disclosed in this annual report, no transaction, arrangement or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity associated with him has or had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 December 2021.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" below, at no time during the year ended 31 December 2021 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules:

Name of Director	Capacity/nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding (%) (Note 2)
Mr. Ji Guang ("Mr. Ji")	Founder of a discretionary trust, interest in controlled corporations (Note 3)	162,000,000 shares (L)	75%

Notes:

1. The letter "L" denotes to the person with long position in the shares.
2. The calculation is based on the total number of 216,000,000 shares in issue as at 31 December 2021.
3. These interests comprise 121,500,000 shares held by China Full, 24,300,000 shares held by PCG Employee BVI and 16,200,000 shares held by PCG BVI.

China Full is wholly owned by Sino Gas BVI, a wholly-owned subsidiary of VISTA Co., which is wholly owned by UBS Trustees (BVI) Limited ("UBS Trustees") through UBS Nominees Limited.

UBS Trustees acts as the trustee of J&Y Family Trust which is a discretionary trust established by Mr. Ji (as founder and protector) and under the relevant deed which constitutes the J&Y Family Trust, the trustee shall only add or remove discretionary objects of J&Y Family Trust with the consent of the protector. The discretionary objects of J&Y Family Trust include Mr. Ji himself, his spouse and his daughter, Ms. Ji Ling who is an executive Director. By virtue of the SFO, Mr. Ji, is deemed to be interested in the same parcel of shares held by China Full.

Both PCG Employee BVI and PCG BVI are wholly owned by Mr. Ji. By virtue of the SFO, Mr. Ji is deemed to be interested in the both parcels of shares held by PCG Employee BVI and PCG BVI.

Save as disclosed above, as at the date of this report, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding (%) (Note 2)
UBS Trustees	Trustee of a trust	121,500,000 shares (L)	56.25%
UBS Nominees Limited	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
VISTA Co	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
Sino Gas BVI	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
China Full	Beneficial Owner	121,500,000 shares (L)	56.25%
PCG Employee BVI	Beneficial Owner	24,300,000 shares (L)	11.25%
PCG BVI	Beneficial Owner	16,200,000 shares (L)	7.50%
Yang Ling	Interest of Spouse (Note 4)	162,000,000 shares (L)	75%

Notes:

1. The letter "L" denotes to the person with long position in the shares.
2. The calculation is based on the total number of 216,000,000 shares in issue as at 31 December 2021.
3. UBS Trustees, the trustee of J&Y Family Trust, in its capacity as trustee (through UBS Nominees Limited, its wholly-owned subsidiary) holds the entire issued share capital of VISTA Co, which in turn indirectly owns the entire equity interest of China Full through Sino Gas BVI, all of which are indirectly wholly owned by UBS Trustees in its capacity as trustee. J&Y Family Trust a discretionary trust established by Mr. Ji and the discretionary objects of the Trust include Mr. Ji himself, his spouse and his daughter, Ms. Ji Ling. By virtue of the SFO, UBS Trustees, UBS Nominees Limited, VISTA Co and Sino Gas BVI are deemed to be interested in the same parcel of shares held by China Full.

Both PCG Employee BVI and PCG BVI are wholly owned by Mr. Ji.
4. Ms. Yang Ling is the spouse of Mr. Ji. Therefore, Ms. Yang Ling is deemed to be interested in the shares in which Mr. Ji is interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) has been conditionally adopted on 22 November 2018.

Purpose

To enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group.

Who may join

Our Directors may at any time within a period of ten years commencing from the date of adoption of the Share Option Scheme, at its absolute discretion, in accordance with the provisions of the Share Option Scheme and the Listing Rules make an offer to any person belonging to any of the following classes of participants (“**Eligible Participant**”), to take up options to subscribe for Shares:

- (i) any employee (“**Eligible Employee**”) (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity (“**Invested Entity**”) in which any member of our Group holds an equity interest;
- (ii) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iv) any customer of any member of our Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

REPORT OF THE DIRECTORS

Maximum number of shares available for issue under the scheme	<p>(i) The maximum number of shares of the Company which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by our Group must not in aggregate exceed 30% of the share capital of our Company in issue from time to time.</p> <p>(ii) The total number of the shares of the Company which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the Listing Date (such 10% being 21,600,000 shares).</p>
Maximum entitlement of each participant	The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being.
Period within which the securities must be taken up under an option	<p>An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option.</p> <p>An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.</p>
Performance targets	Unless our Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.
Subscription price for the shares and consideration for the option	The subscription price for the shares under the Share Option Scheme shall be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the date of the offer for the grant of the option, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant of the option; and (iii) the nominal value of a share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.
Period of the Share Option Scheme	The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

REPORT OF THE DIRECTORS

No options had been granted or agreed to be granted under the Share Option Scheme during the year and up to the date of this report. The Company did not have any outstanding share options, warrants and instruments convertible into shares as at 31 December 2021 and up to the date of this report.

MATERIAL LITIGATION

Save as disclosed in Note 33 to the consolidated financial statements, the Group was not involved in any other material litigation or arbitration during the year ended 31 December 2021. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group since the Listing Date and up to the date of this annual report.

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Stock Exchange on 28 December 2018 and the net proceeds from the global offering were approximately HK\$120.3 million. On 27 February 2020, the Board resolved to change the proposed use of proceeds from that originally set out in the Prospectus for the global offering. Details of which are set out in the announcement of the Company dated 27 February 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

AUDITORS

The consolidated financial statements for the year ended 31 December 2021 have been audited by Mazars CPA Limited. On 17 December 2021, KPMG resigned as the auditor of the Company and at the same day, Mazars CPA Limited, *Certified Public Accountants*, was appointed as the new auditor of the Company. Mazars CPA Limited will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of Mazars CPA Limited as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There has been no significant event that affected the Group after 31 December 2021 and up to the date of this report.

By Order of the Board

Mr. Ji Guang

Chairman and Executive Director

Hong Kong, 30 March 2022

CORPORATE GOVERNANCE REPORT

The Board is pleased to present its corporate governance report of the Company for the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of corporate governance in the management structures and internal control of our Group in order to achieve accountability and are committed to maintaining good corporate governance standards. The Company has applied the principles stated in the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules.

The Board believes that good corporate governance standards are essential in maintaining a balanced composition of executive Directors and independent non-executive Directors for the Board to exercise independent judgment effectively and providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that throughout the year ended 31 December 2021, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision A.2.1 as explained below.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has devised its own code of conduct regarding Directors’ dealings in the Company’s securities (the “**Securities Dealing Code**”) on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Securities Dealing Code throughout the year ended 31 December 2021.

The Company has also adopted the Securities Dealing Code as the written guidelines (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises seven Directors, consisting of four executive Directors and three independent non-executive Directors.

The composition of the Board comprises the following Directors:

Executive Directors

Mr. Ji Guang (*Chairman*)
Ms. Ji Ling (*Vice-Chairman and Chief Executive Officer*)
Ms. Cui Meijian
Mr. Zhou Feng

Independent Non-executive Directors

Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng

The biographical details of the Directors are set out in the section headed "Biographical Information of Directors and Senior Management" on pages 18 to 22 of this annual report.

Mr. Ji Guang is the father of Ms. Ji Ling. Save as disclosed, none of the members of the Board are related to one another.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and chief executive should be separate and should not be performed by the same individual. Prior to 8 January 2021, Mr. Ji Guang was the Chairman and Chief Executive Officer of the Company.

Mr. Ji Guang, one of the founders of the Company, was primarily responsible for planning our business and marketing strategies, supervising the overall operations of our Group, and overseeing the daily management of our businesses.

CORPORATE GOVERNANCE REPORT

In order to further enhance the corporate governance standard of the Group and comply with code provision A.2.1, Mr. Ji Guang has stepped down from his role as the Chief Executive Officer of the Group with effect from 8 January 2021 and remained as an executive Director and the Chairman of the Company and Ms. Ji Ling, an executive Director and Vice Chairman, has been appointed as the Chief Executive Officer of the Group on the same day.

Independent Non-executive Directors

During the year ended 31 December 2021, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The independent non-executive Directors are appointed for a specific term of three years, subject to renewal after the expiry of the then current term. The appointment of each of the independent non-executive Directors has been renewed effective from 1 December 2021 for a further term of three years.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Company's Articles, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles also provides that any Director appointed by Board, either to fill a casual vacancy or as an additional Director, shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board as the primary decision-making body of the Company should assume responsibility for leadership and control of the Company; and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The executive Directors oversee the daily operations of the Company, while our independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

CORPORATE GOVERNANCE REPORT

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of any legal actions taken against the Directors and senior management arising out of corporate activities.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2021, the Company organized internal training meetings on directors' duties and responsibilities for all Directors. The training meetings covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual and legal and regulatory updates have been provided to the Directors for their reference and studying.

The records of the continuous professional development that have been received by the Directors for the year ended 31 December 2021 and up to the date of this report are summarized as follows:

Name of Directors	Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops	Reading relevant news alerts, newspapers, journals, magazines and relevant publications
<i>Executive Directors</i>		
Mr. Ji Guang	✓	✓
Ms. Ji Ling	✓	✓
Ms. Cui Meijian	✓	✓
Mr. Zhou Feng	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. Sheng Yuhong	✓	✓
Mr. Wang Zhonghua	✓	✓
Dr. Zheng Jian Peng	✓	✓

CORPORATE GOVERNANCE REPORT

Board Meetings

Pursuant to code provisions of the CG Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals and notice of at least 14 days should be given of a regular board meeting. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meeting to ensure that the Directors are given sufficient time to review the documents.

The Board is responsible for the approval and monitoring of the Company's overall strategies and policies, approval of business plans, evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

Apart from regular Board meetings, the Chairman also held meetings with independent non-executive Directors without the presence of other Directors during the year in compliance with code provision A.2.7 of the CG Code.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the websites of the Company and the Stock Exchange and are available to shareholders upon request.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Dr. Zheng Jian Peng (*Chairman of the Audit Committee*), Mr. Sheng Yuhong and Mr. Wang Zhonghua.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee include (i) assisting the Board in reviewing the financial information and reporting process; (ii) overseeing the risk management and internal control systems; (iii) evaluating the effectiveness of the internal audit function, scope of audit and appointment and dismissal of external auditors; and (iv) making arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held three meetings to review, among other things, in respect of the year ended 31 December 2021, the interim and annual financial results and reports and significant issues on the financial reporting and the Group's accounting policies and practices, Listing Rules and statutory compliance, risk management and internal control systems, appointment of external auditors and connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Wang Zhonghua (*Chairman of the Remuneration Committee*), Mr. Sheng Yuhong and Dr. Zheng Jian Peng.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include (i) reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and (ii) establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his/her own remuneration.

The Remuneration Committee held three meetings during the year to review the Company's policy and structure for the remuneration of all Directors and senior management, assess the performance of the executive Directors and the senior management, review the remuneration package of the executive Directors and the senior management and make recommendation to the Board on their remuneration.

Details of the remuneration of each of the Directors are set out in the Note 9 to the consolidated financial statements for the year ended 31 December 2021. Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of senior management by band for the year ended 31 December 2021 is set out below:

Remuneration by band (RMB)	Number of Individual
Nil–1,000,000	2

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors, namely Mr. Sheng Yuhong (*Chairman of Nomination Committee*), Mr. Wang Zhonghua and Dr. Zheng Jian Peng.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include (i) reviewing the Board composition; (ii) developing and formulating relevant procedures for the nomination and appointment of Directors; (iii) making recommendations to the Board on the appointment or re-appointment of Directors; (iv) planning the succession of Directors; and (v) assessing the independence of the independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, before making recommendation to the Board.

The Nomination Committee met twice to review the size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendation on the re-election of retiring Directors.

CORPORATE GOVERNANCE REPORT

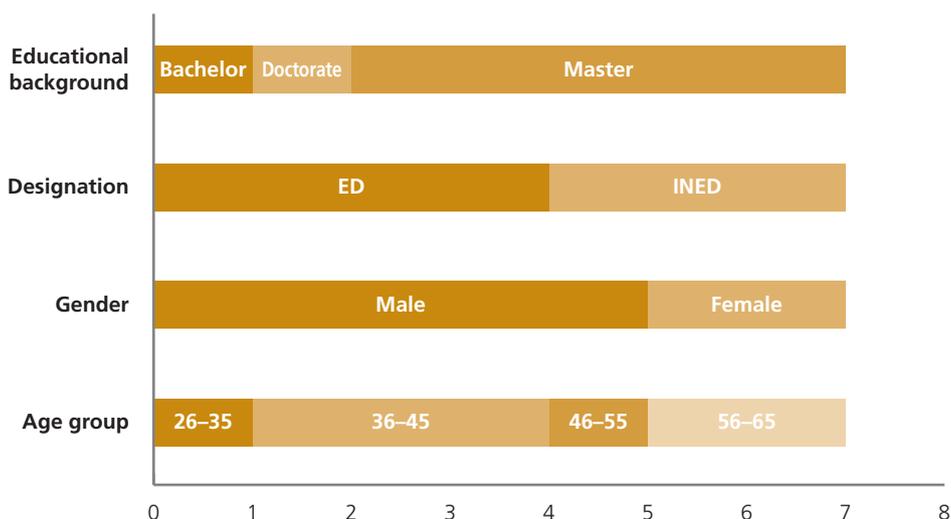
Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Board believes that a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments will be based on merit while taking into account diversity (including gender diversity).

The Nomination Committee will discuss and agree on the measurable objectives for achieving diversity of the Board and recommend them to the Board for adoption. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. The ultimate decision will be based on merits and the contribution that the selected candidates will bring to the Board and the business needs of the Company from time to time. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

As at the date of this report, the Board's composition under diversified perspectives was summarized as follows:



CORPORATE GOVERNANCE REPORT

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and honesty: The candidate should be persons of integrity, honesty and good reputation;
- Diversity in aspects: including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and diversity aspects under the Board Diversity Policy that are relevant to the business and corporate strategies of the Company;
- Availability: The candidate should have sufficient time for the proper discharge of the duties of a Director, including devoting adequate time for the preparation and participation in meetings, training and other Board or Company associated activities;
- Independence: Requirement for the Board to have independent directors in accordance with the Listing Rules (as amended from time to time) and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; and
- Other relevant factors considered by Nomination Committee on a case-by-case basis.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 December 2021, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Securities Dealing Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the annual general meetings of the Company held during the year is set out in the table below:

Name of Director	Number of Meetings Attended/Number of Meetings held for the year				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Ji Guang	10/10	N/A	N/A	N/A	1/1
Ms. Ji Ling	10/10	N/A	N/A	N/A	1/1
Ms. Cui Meijian	10/10	N/A	N/A	N/A	1/1
Mr. Zhou Feng	10/10	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Sheng Yuhong	10/10	3/3	3/3	2/2	1/1
Mr. Wang Zhonghua	10/10	3/3	3/3	2/2	1/1
Dr. Zheng Jian Peng	10/10	3/3	3/3	2/2	1/1

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks and is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, financial reporting and recording, treasury management, compliance with applicable laws and regulations on environmental protection, and operation safety. The Board oversees and manages the overall risks associated with the Group's operations while the Audit Committee reviews and supervises the financial reporting process and internal control system of the Group.

The Company has established a Risk Management and Internal Control Leading Group to review the effectiveness of the Group's internal control systems, policies and procedures, and to report its findings and recommendations to the Audit Committee. The Risk Management and Internal Control Leading Group is responsible for the identification of the Group's business and various areas (including major operational and financial procedures, regulatory compliance, information security) pose risks of potential impact, develop action plans and make recommendations to address identified risks, and submit annual reports on the Group's internal control environment to the Audit Committee. The Group also conducts self-evaluation each year to confirm proper compliance with the control policy.

CORPORATE GOVERNANCE REPORT

The Risk Management and Internal Control Leading Group has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2021.

The Board, as supported by the Audit Committee as well as Risk Management and Internal Control Leading Group, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2021, and considered that such systems were effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DEED OF NON-COMPETITION

The Company has complied with and enforced the terms of the Deed of Non-Competition. Details of the Deed of Non-Competition was set out in the "Report of the Directors" of this annual report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2021.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 69 to 74.

AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's external auditors of the Company, Mazars CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2021 is set out below:

Service Category	Fees RMB'000
Audit services	1,100
Non-audit services	Nil
Total	1,100

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. Wong Pui Yin Peony was appointed as the Company's company secretary on 8 May 2020. Ms. Wong is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Ji Ling, an executive Director, has been designated as the primary contact person at the Company which would work and communicate with Ms. Wong on the Company's corporate governance and company secretarial matters.

For the year ended 31 December 2021, Ms. Wong has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 64 of the Company's Articles, extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders should follow the requirements and procedures as set out in the Company's Articles and "Shareholders Rights Summary" published on the Company's website, for convening a general meeting.

Putting Forward Proposals at General Meetings

Any shareholder who wishes to put forward proposals at general meetings of the Company shall lodge a written notice of his/her/its proposal with his/her/its detailed contact information at the Company's headquarters and principal place of business of the Company in China, with a copy of the proposal served to the Company's Hong Kong branch share registrar and transfer office.

The request will be verified with the Company's Hong Kong branch share registrar and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

Shareholders should follow the requirements and procedures as set out in the Company's Articles of Association and "Shareholders Rights Summary" published on the Company's website, for circulating a resolution for general meeting.

CORPORATE GOVERNANCE REPORT

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 3103, Block A1
Caifu Shiji Square
13 Haian Road, Tianhe District
Guangzhou, the PRC
Attention: the Board of Directors/Company Secretary

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies.

The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

In addition, to promote effective communication, the Company maintains a website at www.sinogasholdings.com, where information released by the Company on the Stock Exchange's website and all press releases issued by the Company are also available for public access.

Policies Relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Shareholders' Communication Policy and Procedures for Shareholders to Propose a Person for Election as Director are available on the website of the Company.

CONSTITUTION DOCUMENT

During the year, the Company has not made any changes to the Company's Articles of Association. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

DIVIDEND POLICY

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the actual and expected financial performance, expected working capital requirements, capital expenditure requirements and future expansion plans, liquidity position, retained earnings and distributable reserves, the general economic and political conditions and other internal or external factors that may have an impact on the future business and financial performance of the Group, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 APPROACH

The Group is committed to providing integrated LPG and natural gas services. The Group operates LPG domestic, CNG and LNG vehicle refuelling stations, LPG domestic stations, CNG mother stations and LPG and CNG wholesale businesses. The Group primarily operates its business in the PRC market and aims to further build up complete industry chain and focus on the sustainable development on LPG and natural gas industry in the PRC market.

The Group recognizes its responsibilities and accountability to all its stakeholders, including customers, existing shareholders and potential investors, employees, suppliers, non-governmental organizations (NGOs) and local community.

The Group places a huge emphasis on monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands and environmental impacts, the Group is committed to continuously monitoring the risks and opportunities which exist in its daily operations. Meanwhile, the Group adopts transparent corporate culture to ensure that its sustainability strategies are well communicated to its employees, customers, the communities and other stakeholders.

The basis of reporting principles — materiality, quantitative and consistency:

- “Materiality” Principle: The Group determines material ESG issues by stakeholder engagement and materiality assessment.
- “Quantitative” Principle: Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- “Consistency” Principle: The Report will use consistent methodologies for meaningful comparisons in the past years unless improvements in methodology are identified.

To implement sustainability strategies which apply to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support its employees
5. To sustain local communities

This Report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of the business operations in the PRC from 1 January 2021 to 31 December 2021 (the “Year” or “2021”), unless otherwise stated.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2 SCOPE OF THE REPORT

This Report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” in Appendix 27 of the Listing Rules. The report summarizes the Group’s major ESG performance in the Year, and covers its management policies, mechanisms and measures in place with respect to environmental protection, emission reduction, safe workplace, supply chain management, etc.

When deciding the operational boundaries of its ESG report, the Group considers entities with yearly total revenue of RMB5 million or above as its material operating entities, having material ESG risks, and should be included in the ESG report. And thus, this ESG report has been prepared to cover the ESG performance of the Group’s 11 entities (the “**Reporting Entities**”) with yearly total revenue of RMB5 million or above during the year which are:

- Guangzhou Sino Gas Logistics Company Limited (“廣州中油潔能物流有限公司”)
- Henan Sino Gas Yonghui Natural Gas Company Limited (“河南中油潔能永輝天然氣有限公司”)
- Xinzheng Yonghui Natural Gas Company Limited (“新鄭永輝天然氣有限公司”)
- Henan Sino Gas Sales and Transportation Company Limited (“河南中油潔能銷售運輸有限公司”)
- Guangzhou Sino Gas Fuel Chain Company Limited (“廣州中油潔能燃氣連鎖有限公司”)
- Zhengzhou Sino Gas Bus Fuel Company Limited (“鄭州中油潔能巴士燃氣有限公司”)
- Guangdong Sino Gas Petrochemical Company Limited (“廣東中油潔能石化有限公司”)
- Guangzhou Sino Gas New Energy Company Limited (“廣州中油潔能新能源有限公司”)
- Sino Gas (Zhuhai) Limited (“中油潔能(珠海)石化有限公司”)
- Henan Blue Sky Sino Gas Technology Company Limited (“河南藍天中油潔能科技有限公司”)
- Hebei Sino Gas New Energy Technology Company Limited (“河北中油潔能新能源科技有限公司”)

The data and information used in this report are referenced from the archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited annual financial statements for the year ended 31 December 2021.

3 FEEDBACK

For details of the ESG performance, corporate governance as well as financial performance, please visit the website at www.sinogasholdings.com and the annual reports. The Group treasure the feedback and comments on its sustainability performance, please send the feedback and enquiries to investmentdep@sinogasholdings.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4 BOARD STATEMENT

During the Year, the Group has committed ourselves to sustainability in our businesses. We therefore proudly present, our Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) of the Group.

The Group is committed not just to its shareholders, but also to a wide range of stakeholders including employees, customers, suppliers, creditors, regulators and the community. Taking a proactive approach to sustainability is not only a part of the Group’s heritage, inherent in the various strands of the corporate strategy of the Group, but is also crucial to the Group’s business success. Sustainability is an integral element in maintaining the Group’s position as a responsible business that contributes positively to the development of the communities in which the Group operates.

For our business, the Group has evaluated a number of environmental, social and operation related issues which are the most important to both of the Group and stakeholders:

- Customers’ satisfaction level
- Product quality and safety
- Occupational health and workplace safety
- Operational compliance
- Air emissions
- Talent management

We have delegated our business function to review the Company’s operation and conduct internal discussions, aiming to identify relevant ESG responsibility issues and assess the materiality of such issues to our business and stakeholders.

The Audit Committee also assists the Board in leading the management and overseeing its design, implementation and oversight of risk management and internal control systems, including, among others, material risks and risk management related to the Group’s ESG.

5 VISION

To maintain the leading position in the industry and provide high quality integrated LPG and natural gas services in Guangdong Province and Henan Province of the PRC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6 MATERIALITY MATRIX

During the Year, the Group has evaluated a number of environmental, social and operation related issues, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure the Group's business development is in line with the expectations and requirements of its stakeholders. The Group's and its stakeholders' matters of concern are presented in the following materiality matrix:

	Importance to the Group			
		Low	Medium	High
Importance to Stakeholder	High	<ul style="list-style-type: none"> ◆ Anti-discrimination ◆ Protecting labour rights 	<ul style="list-style-type: none"> ◆ Talent management ◆ Staff training and promotion opportunity ◆ Staff compensation and welfare policies 	<ul style="list-style-type: none"> ➤ Customers' satisfaction Level ➤ Anti-corruption ➤ Product quality and safety ➤ Suppliers management ◆ Occupational health and workplace safety
	Medium	<ul style="list-style-type: none"> ➤ Community involvement 	<ul style="list-style-type: none"> ◇ Use of resources 	<ul style="list-style-type: none"> ➤ Operational compliance ➤ Protecting customers' privacy ◇ Air emissions
	Low	<ul style="list-style-type: none"> ◆ Preventive measures for child and forced labour 	<ul style="list-style-type: none"> ◇ Non-hazardous wastes produced 	<ul style="list-style-type: none"> ◇ Use of raw materials ◇ Hazardous wastes produced

◇ Environmental ◆ Employee ➤ Operation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7 COMMUNICATION WITH STAKEHOLDERS AND IDENTIFICATION OF MATERIAL ISSUES

The Company actively strives to better understand its stakeholders and engage them to ensure continuous improvements. The management strongly believes that its stakeholders play a crucial role in sustaining the success of the business in the challenging market.

Stakeholders	Probable issues of concern	Communication and responses
HKEX	Compliance with Listing Rules, timely and accurate announcements.	Meetings, training, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule, stable demand.	Site visits.
Shareholders/Investors	Corporate governance system, business strategies and performance, and investment returns	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The table underneath showed the aspects on the ESG Guide to be assessed and those ESG issues were determined to be material to the Group.

ESG Aspects as set forth in the ESG Guide	Material ESG issues for the Group
(A) Environmental	
A1 Emissions	Emission from town gas, electricity or vehicle
A2 Use of Resources	Use of energy and paper
A3 Environment and Natural Resources	
(B) Social	
B1 Employment and Labour Practices	Labour practices
B2 Health and Safety	Workplace health and safety
B3 Development and Training	Employee development and training
B4 Labour Standards	Anti-child and forced labour
B5 Supply Chain Management	Supply chain management
B6 Product Responsibility	Product responsibility
B7 Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
B8 Community Investment	Community programs, employee volunteering and donation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL

The Group understands the high importance of environmental protection, in respect of which it promises not to sacrifice the environment in exchange of the business. In this respect, the management of the Group strongly believes that a healthy environment constitutes the foundation of the Group's sustainable development. It aims at maintaining sustainable development and building a green community with its stakeholders. Thus, the Group will strive to integrate environmental sustainability into the business operations through various measures so as to reduce carbon emission level and the relevant intensity in its daily operations.

During the Year, there was no material non-compliance issue with relevant laws and regulations related to the environment. The Group will stay alert to any non-compliance behavior relating to critical environmental problems.

A1.1. Emissions Data from Gaseous Fuel Consumption

Environmental protection is always a top priority for the Group, it strives to reduce emissions in protecting the environment. In taking the emission data in to consideration, including both the air emissions and greenhouse gas emissions, the data is a measurement for understanding the impacts of the business behaviors on the environment, which provides guidance for the Group to take meaningful actions in the future.

- (a) Since the Company did not have town fuel and town gas consumption during the Year, therefore no emissions data from gaseous fuel consumption applied.
- (b) the Company owned some motor vehicles during the Year, the emissions data from the vehicles is set out below:

	Key performance indicator ("KPI")			% increase/ (decrease)
	2021	2020	Unit	
Nitrogen Oxides ("NOx")	9,315.6	10,189.3	Kg	(9%)
Sulphur Oxides ("SOx")	10	11.7	Kg	(15%)
Particulate Matter ("PM")	675.3	736.5	Kg	(8%)
Total	10,000.9	10,937.5	Kg	(9%)

When considering the air emissions intensity, the Group has recorded approximately 26.0 kg (2020: 24.8 kg) of air emission per employee.

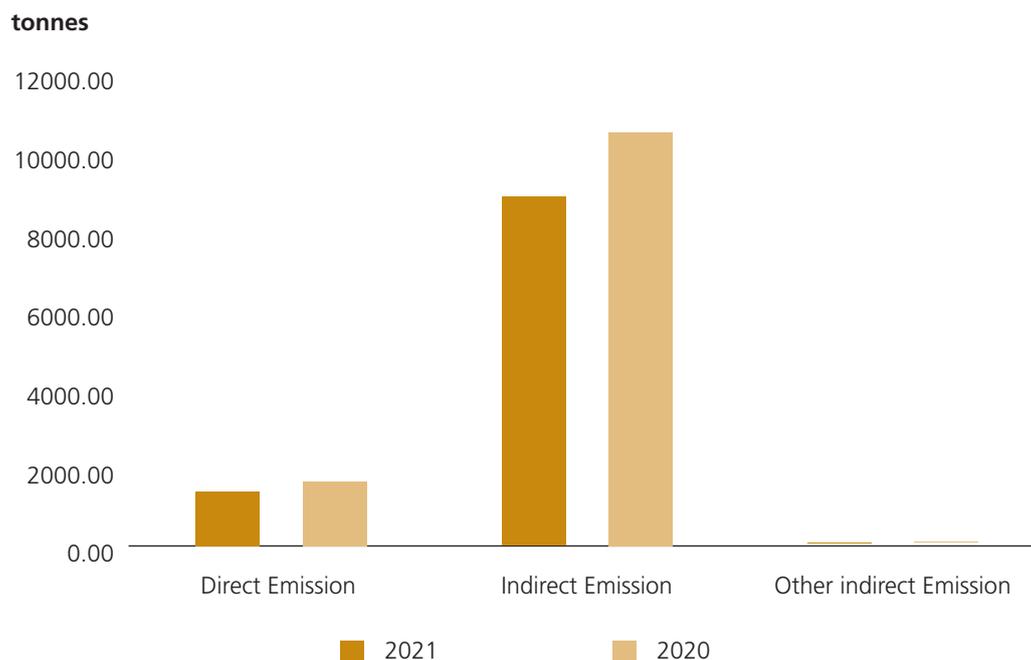
Looking forward, the Group will continue to improve the efficiency of usage of vehicles by better planning of the travelling routes, so as to better control its air emissions.

The Group targets to reduce at least 1% of GHG emission compare to last year. The Group has achieved the target during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A1.2. Greenhouse Gas Emission

Greenhouse gas emissions are the main factors contributing to global warming, leading to climate changes and threatening the ecosystem of the world. To continuously fulfill the duties as an enterprise with corporate social responsibility, the Group embraces in driving green practices in day-to-day operations so as to reduce greenhouse gas emissions in the business operations.



	KPI		Unit	% increase/ (decrease)
	2021	2020		
Scope 1				
Direct Emission	1,511.0	1,634.4	tonnes	(8%)
Scope 2				
Indirect Emission	7,241.5	8,867.0	tonnes	(18%)
Scope 3				
Other indirect Emission	15.3	16.1	tonnes	(5%)
Total	8,767.8	10,517.5	tonnes	(17%)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, there was 8,767.8 (2020: 10,517.5) tonnes of carbon dioxide equivalent greenhouse gases (mainly the usage of vehicles for transportation of petrol and gasoline) emitted from the Group's operation.

When considering the greenhouse gas emissions intensity, the Group recorded approximately 22.8 (2020: 23.9) tonnes of greenhouse gas emissions per employee during the Year.

The Group has made continuous efforts to reduce greenhouse gas emissions. With the emissions from electricity consumption being the major composition of its greenhouse gas emissions, the Group encourages employees to treasure the resources, including electricity and water resources. For energy saving purpose, the lightings are switched off during lunchtime. Besides, reminders of electricity and water saving are posted in the reporting entities.



The Group targets to reduce at least 1% of GHG emission compare to last year. The Group has achieved the target during the Year.

Compliance with relevant laws and regulations:

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes of the Group during the Year. In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported in the 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A1.3 Hazardous Waste and Non-hazardous Waste

Hazardous Waste

The business operations of the Group produced no hazardous waste, including chemical wastes, clinical wastes and hazardous chemicals, during the Year.

Non-hazardous Waste

The major non-hazardous waste produced by the Group was the paper waste during the Year. It amounted to approximately 1,207.0 (2020: 1,742.5) kg, which means an average of 3.1 (2020: 4.0) kg of paper waste was produced per employee. In this regard, the Group strives to create a paperless working environment by reducing the use of paper-printing. The Group constantly encourages its employees to print on double sided and reuse single sided used printed paper by placing reminders. By the efforts to reduce and reuse paper in the workplace, the Group is confident to reduce its paper wastage in the coming years.

A2.1 Use of resource

The Group aims to become an environmentally sustainable enterprise contributing to environmental protection by conservation of energy and natural resources.

Energy Consumption

The total energy consumption during the Year was approximately 8,061.9 MWh (2020: 9,873.2 MWh). The electricity consumption intensity, which is calculated by dividing the electricity consumption by the total number of employees, was around 20.9 (2020: 22.4) MWh per employee. The electricity consumed by the Group was the major contributor to its greenhouse gas emissions during the Year. In order to reduce the Group's carbon and energy footprints, the Group consistently insists on "no-light policy" during lunch time. Besides, the Group will continuously promote awareness of treasuring electricity on daily operations to its employees and strive to reduce electricity consumption in the coming years.

Water Consumption

Water resources have always been one of the most invaluable natural resources on the Earth. We had not experienced any issue when sourcing water during the Year. For the Group's operation during the Year, water consumed by the Group amounted to approximately 7,803.4 (2020: 7,584.6) tonnes. The Group's water consumption intensity, which is calculated by dividing the water consumption by the total number of employees, was around 20.3 (2020: 17.2) tonnes per employee. Same as energy consumption, the Group promotes awareness of treasuring water on daily operations to its employees.

Paper Usage

Efficiency in usage of paper in daily operation has been advocated and communicated to employees. The Group consistently encourages double-sided printing and collecting single sided used printed paper for reusing purpose. The paper usage was approximately 1,207.0 kg during the Year, and the Group is confident to lower the figure in the coming years.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The summary of the resources consumed are set out below:

	KPI		Unit	% increase/ (decrease)
	2021	2020		
Electricity consumed	8,061.9	9,873.2	MWh	(18%)
Water consumed	7,803.4	7,584.6	tonnes	3%
Paper usage	1,207.0	1,742.5	kg	(31%)

The Group targets to reduce at least 1% of resource consumed compare to last year. Except for insignificant increase for water consumption, the Group has achieved the target during the Year generally.

A3 Environmental and Natural Resources

As an environmentally sustainable enterprise, the Group believes that the invaluable and precious environment should not be sacrificed because of its own business activities. Therefore, the Group will continuously take efforts on environmentally friendly practice in various aspects.

There were no non-compliance cases noted in relation to environmental laws and regulations during the Year.

A4 Climate Change

The global climate change is becoming increasingly severe, and global warming has become a serious problem. As a responsible enterprise, the Group will pay close attention to the impact of climate change on the Group's operations and business, keep track of international and domestic market dynamics, policy changes and regulatory updates, and raise the awareness of all employees.

The Group's oversight and governance of climate change is led by the Board, which regularly reviews relevant regulations and guidelines and reviews the Group's governance framework for addressing climate change, and formulates and implements measures to mitigate the impact of climate change on operations and business. In order to meet the goal of "dual carbon", the Group has been committed to reducing greenhouse gas emissions in business operations, in order to achieve a win-win goal of ecological and economic benefits.

In order to minimize with the risks from extreme weather, the Group has insurance protection for its properties for damaged from extreme weather conditions, so as to reduce the loss of the Group's properties and minimize possible repair and maintenance costs. On the other hand, the Group will increase the emergency safety training for employees against extreme weather, and improve employees' awareness of risk prevention. At the same time, the Group will take various measures such as home office arrangements, rescheduling of work schedules, and preventive and protective measures for resource allocation to ensure the safety of employees' lives, minimize the impact on business processes and minimize the impact of extreme weather on the Group's operations and business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

The Group believes that sustainable business success relies on the contribution and support of its talented employees. The Group treated its employees as the most valuable assets to the Group, especially the front-line employees of gas refuelling stations. All employees contribute their efforts to provide gas refuelling for the customers. The contributions of the employees promote the Group to achieve corporate goals and maintain sustainable development. This is the reason why the Group continues improving its friendly employment policies. The human resources policy and procedures, including recruitment, probation, termination, promotion, retirement, transfer, appraisal, working hours, salary, bonus, entitled leave and medical benefits, comply with the relevant legislation in PRC.

B1. Employment and Labour Practices

Employee Benefits

The Group appreciates the hard work and contributions of each employee. A comprehensive employee benefits package is therefore in return to offer to its dedicated and talented staff. The employee benefits are compensated fairly according to their performance, with reference to the market practice.

The Group performs annual staff performance appraisal to assess the performance of employees for the year-end bonus determination. In this regard, a transparent mechanism is conducted by taking into account various factors, including but not limited to the employees' attendance performance, capability, attitude, and contributions to the Group. With reference to appraisal on the employees, staff promotion and salary increment are rewarded to the contributing and improving employees.

In addition, the Group contributes to the employees' social insurance and housing funds with reference to the Labor Law of the PRC for its employees. Besides, high temperature subsidy is offered for the front-line employees of gas refuelling stations on several months within summer season annually.

Harmonious Workspace

A harmonious and inclusive working environment, free from any harassment and discrimination are promoted among the group. The Group consistently strive to build a harmonious and inclusive working environment. The Group respects equal dignity, providing equal opportunities for its employees. The Group also values working environments with polite towards employees and fully departmental coordination among the group.

Procedure of grievances has been set up in the Group. Problems or complaints related to work or the Group are welcome to discuss with a direct department head or top management of the Group. Relevant department head and top management will consider all complaints impartially and efficiently for problem-solving.

Work-life Balance of Employees

Taking a break is crucial for the Group to accomplish long-term goals. Thus, the Group encourages work-life balance for its employees, by providing them with annual leaves, and five-day work week with eight working hours per day. Overtime compensation would be offered to the dedicated employees. Employees are also entitled to special leaves to meet their families' needs, such as marriage leave, funeral leave and maternity leave, etc.

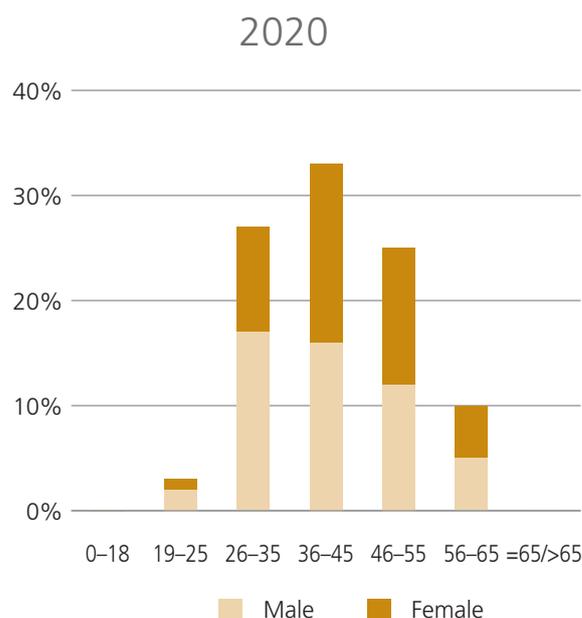
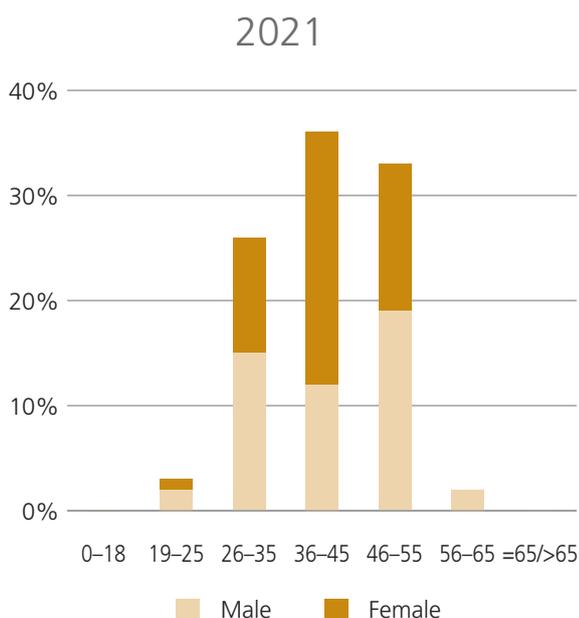
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Staff Composition

As at 31 December 2021, the Reporting Entities employed a total of 385 (2020: 441) staff in PRC. The employee composition by management level is more or less the same as other companies in the same industry, as more front-line employees are needed to provide gas refuelling service in stations. The Group believes that maintaining a diverse but inclusive workforce among its working environment is the key to maintain a sustainable and successful business in the future.

(a) Employee's Employment Type Distribution

By employment type	2021		2020	
	Male	Female	Male	Female
Part-time employment	0%	1%	0%	0%
Full-time employment	50%	49%	54%	46%
Total	50%	50%	54%	46%

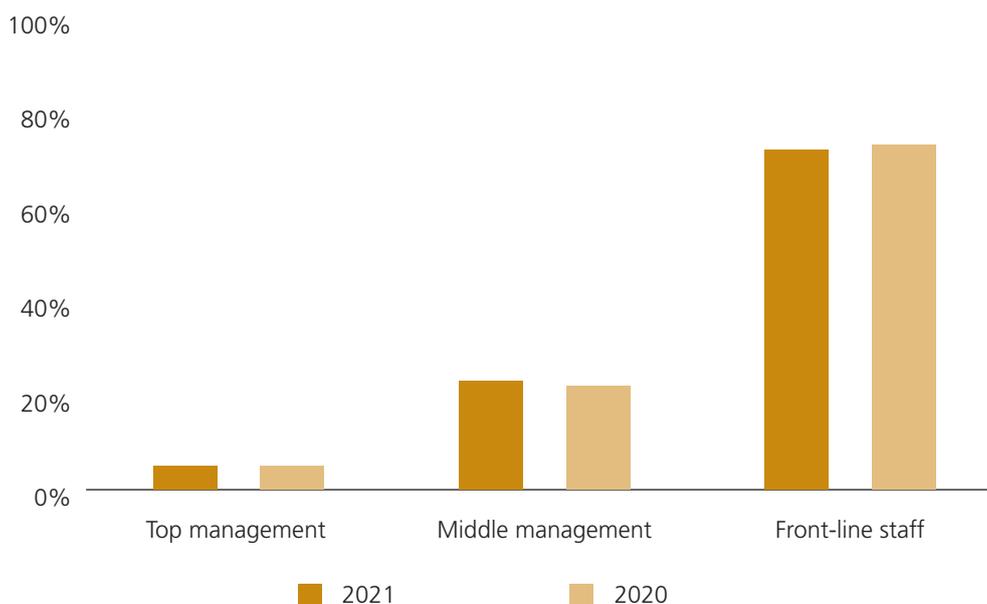


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(b) Employee's Age and Gender Distribution

Age Group	2021		2020	
	Male	Female	Male	Female
0-18	0%	0%	0%	0%
19-25	2%	1%	2%	1%
26-35	15%	11%	17%	10%
36-45	12%	24%	16%	17%
46-55	19%	14%	12%	13%
56-65	2%	0%	5%	5%
= 65/>65	0%	0%	2%	0%
Total	50%	50%	54%	46%

(c) Employee's Position Distribution



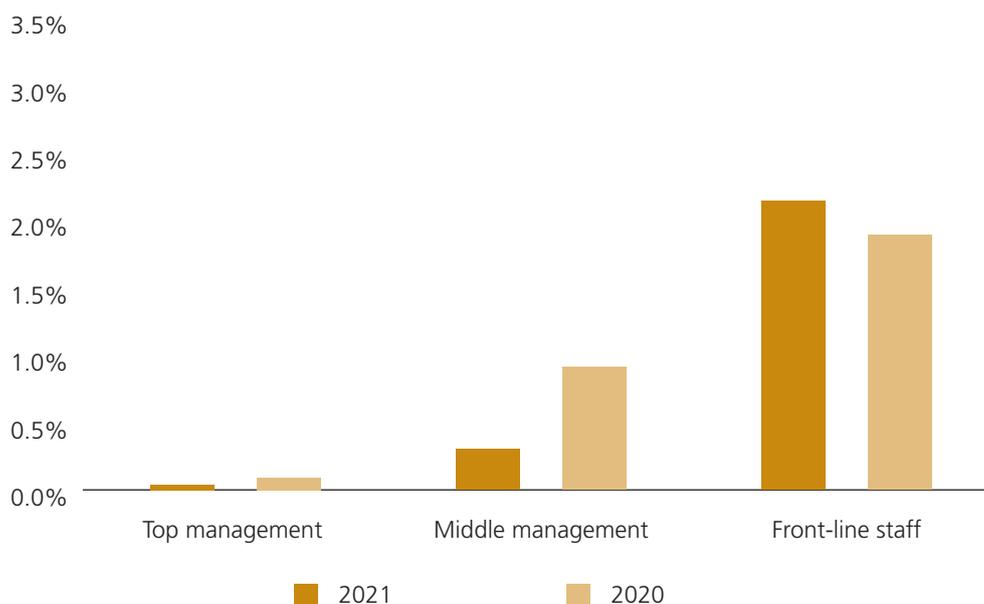
Position	2021	2020
Top management	5%	5%
Middle management	23%	22%
Front-line staff	72%	73%
Total	100%	100%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(d) Turnover Rate by Gender and Age

Age Group	2021		2020	
	Male	Female	Male	Female
0–18	0%	0%	0%	0%
19–25	9%	3%	2%	3%
26–35	18%	9%	19%	12%
36–45	17%	11%	8%	22%
46–55	16%	16%	10%	14%
56–65	0%	0%	10%	0%
≥65 / >65	1%	0%	0%	0%
Total	61%	39%	49%	51%

(e) Monthly Average Turnover Rate by Position Level



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Position	2021	2020
Top management	0.04%	0.09%
Middle management	0.30%	0.91%
Front-line staff	2.14%	1.89%
Total	2.48%	2.89%

During the Year, the Group maintained an average monthly employee turnover rate of 2.48% (2020: 2.89%). The Group takes pride in the dedication and effort of all employees, who contribute to the success. In order to keep the employees' loyalty to the Group and maintain close relationship with the employees, the Group regularly held several team-building and gathering activities. With consistent efforts in strengthening the bond with talented employees, the Group is confident that it is able to retain the talent employees. Moreover, with 0.04% turnover rate of the top management, the Group is confident that the negative impact of employee turnover on the operations has been mitigated.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Year. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported during the Year.

B2 Employee Health and Safety

The Group is committed to providing a safe working environment for its employees. The Group aims at not only to meet the minimum occupational health and safety standards required by law, but to exceed them. The safety policies and procedures are implemented among the Group, especially for the gas refuelling stations. Before new front-line employees perform their duties on gas stations, safety training and education are provided to them. Safety educations including safety operation guidance, safety discipline and general safety technics for the gas refuelling operation are also provided. Newly recruited front-line employees are required to attend exam organized by the Group regarding to the safety operation of the gas station. Only those employees who passed exam could perform their duties on gas station. The Group also prohibit its staff to smoke and use mobile phone in gas station.

Besides, safety agent of the gas stations is required to perform safety check on gas refuelling equipment and relevant machinery so as to ensure safety operation on gas refuelling process. Safety rules and regulations are set for bad weather such as thunder and typhoon season. The Group strongly requires its front-line employees to strictly follow the guidance set on the bad weather so as to ensure a safe working environment. In addition, reminders and notices are posted on the gas stations to remind customers of the dangerous of inflammable gas. Also, the reminder of forbid firework and no phone call are warning its employees and customers when they are in gas stations.

The safety agents are responsible for ensuring that appropriate policies, procedures and safeguard measures are put in practice. The Group purchased medical insurances for its employees. The social insurance and housing provident fund are closely monitored and adjusted according to the headcounts. In light of these practices, no death or permanent disability case was noted during the Year. No (2020:Nil) employee was injured at work in which the total labor hour lost due to injuries comprises of nil (2020:Nil) hours. The Group will constantly review its health and safety measures to be in place to best safeguard its employees' health.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The outbreak of the novel coronavirus (Covid-19), has become the latest challenge for the health authorities in Hong Kong and Mainland China, the Group has several policies to protect its staff:

- All public area would be disinfected on a timely basis;
- Provide mask and disinfection supplies to all front-line staff;
- Request all management to wear mask;
- Request all staff to perform body temperature test everyday;
- Request each staff to report their health status everyday; and
- Request each Department Head to monitor the health status of its staff on a timely basis.

During the Year, there was no occurrence of any fatal accident.

Occupational Health and Safety Data

Health and Safety	2021	2020	2019
Number of work-related fatalities	—	—	1
Lost days due to work injury	—	—	192

During the Year, the Group has had no non-compliance cases regarding violation of relevant laws and regulations on occupational health and safety.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B3 Development and Training

From time to time, there are internal trainings held to improve its employees' safety knowledge and technics, as well as to keep them reminded on their safety operations. The Group encourages its employees to continue to learn in order to promote their career growth and development with strong safety and technical capability in the LPG and natural gas industry. The Group also provides safety training seminar and safety operation drill to its staff during the Year.

During the Year, the total training hours provided by the Group are set out below:

	2021		Total
	Male	Female	
Top management	4,055	3,682	7,737
Middle management	808	725	1,533
Front-line staff	275	87	362
Total training hours	5,138	4,494	9,632



B4 Labour Standard

The Group understands and therefore fully complies with the labor laws and relevant legislations that prohibit child and forced labor. The Group would not employ any person below the age of eighteen. Each applicant of the Group needs to present their identity documents during the recruitment process, so as to prevent the risk of recruiting child labor. In addition, the Group is committed to ensuring that no employee is forced to work against his/her will, or work as forced labor. The Group strives to ensure equal dignity and respects for its employees. Any violence, with the purpose of deliberately causing difficulties, threats and/or corporal punishment, forcing employees to work is prohibited.

During the Year, there was no material non-compliance issue with applicable laws and regulations in relation to labor standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B5 Supply Chain Management

The Group understands that providing high quality of LPG and natural gas is key to its corporate sustainable development and business success. The Group implements rigorous management of its suppliers. In this respect, a list of approved suppliers has been established and reviewed on a regular basis. The financial and operational background including the permits, qualifications and licenses obtained) of the suppliers, price level, and terms and conditions of supply are all taken into consideration.

When choosing a new supplier, the Group gives priority to the suppliers who are environmentally friendly and socially responsible in order to promote and support environmentally preferable products and services in supply chain.

As at 31 December 2021, the Reporting Entities have 108 major suppliers from PRC. The supplier assessment is performed annually. The assessment includes reviews on suppliers' business licenses, operation of LPG or natural gas licenses, timely on delivery of quality check on gas provided, etc. In addition, agreement regarding to business ethics is signed with our suppliers. In light of this practice, suppliers are also encouraged to demonstrate their corporate social responsibilities by complying with corporate social responsibility codes as well as business ethics, in respect of operations, marketing activities and social contacts. High standards of morality which include prohibition of provision and acceptance of bribes and/or other unfair benefits are adopted by the Group.

In particular for LPG, in ensuring the quality of LPG purchased by the Group, the Group would perform checking on quality certificate on a regular basis so as to maintain the quality of LPG sold to its customer. For natural gas, the Group purchased directly from state-owned enterprise, which also provide confident on quality of natural gas to the customers.

The Group would continue to implement appropriate management on supply chain so as to maintain high quality of gas supply and to maintain sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B6 Product Responsibility

The Group's business leading by its experienced management team is committed to providing high quality products to its customers, so as to enhance the Group's competitiveness and achieve mutual success between the Group and customers. For maintaining product quality, a regularly supply quality review and assessment are performed as mentioned above. Moreover, to ensure the service quality meets the safety requirements, regular training is provided to the relevant front-line employees who work at the gas stations for the job-related skills, knowledge and safety technics. Besides, for customers who are entitled to apply for a gas refuelling card of gas station, the Group is committed to protecting personal information of its customers. Employees are required to sign a non-disclosure agreement before they join the Group to ensure proper maintenance of confidentiality of the Group's business strategies and protect customers' data privacy in daily operation.

With the above measures, the Group successfully recorded no complaints regarding products and services during the Year.

The Group attaches great importance to the protection and maintenance of intellectual property rights. During the Year, the Group is compliance with relevant laws and regulations on intellectual property rights of the PRC (including but not limited to the Trademark Law), the Group also assigns professional personnel to be responsible for renewing trademarks and Internet domain names on time for the purpose of safeguarding, maintaining and effectively managing intellectual property rights.

During the Year, the Group is not involved any litigation or legal proceedings in relation to violations of intellectual property rights of material nature or any material breaches.

B7 Anti-corruption

The Group prohibits all forms of bribery and corruption. Employees should not solicit or accept any advantage in connection with his/her work without the permission of the Group. Advantages include both monetary and non-monetary benefits. It is the Group's rule that no director or employee may solicit or accept any advantage from any person who has existing or potential business dealings with the Group. Moreover, under no circumstances may a director or employee provide misleading and fraudulent financial data and falsify financial record.

Employees were able to report any suspicious activities through various channels, i.e. emails, written reports, in person, to General Manager and Operating Manager. Immediate investigation would be taken by the Top Management. A Code of Conduct has been established and implemented to ensure that the directors and employees perform at the highest level of integrity, commitment and professionalism.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the Group has provided 3 hours of anti-corruption training to each of its staff. Also, there was no concluded legal case regarding corrupt practices brought against the Group or its employees.



B8 Community Investment

The Group advocates the concept of giving back to the community. The Group makes efforts on not only increasing its positive impacts on the environment and community, but also in creating a safe and equal working environment for its employees. Moreover, it emphasizes providing good quality of products and services for the interests of its customers. The Group believes that working as a responsible corporate is critical for giving back to the community. In the coming years, the Group will continue to invest efforts in the abovementioned aspects and maintaining the success of this year.

REGULATORY COMPLIANCE

The Group was not aware of any non-compliance with laws and regulations that has a significant impact on the Group relating to emissions, employment, health and safety, labor standards, product responsibility and anti-corruption during the Year.

INDEPENDENT AUDITOR'S REPORT

mazars

To the shareholders of

Sino Gas Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Mazars CPA Limited

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OPINION

We have audited the consolidated financial statements of Sino Gas Holdings Group Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 75 to 149, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibilities under those standards are further described in the “*Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements*” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS (Continued)

Assessment of the potential impairment of the property, plant and equipment and right-of-use assets attributable to gas refuelling stations

Refer to significant accounting policies in Note 2 and the disclosure of property, plant and equipment and right-of-use assets in Notes 12 and 13 to the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

The Group's property, plant and equipment and right-of-use assets, with carrying amount of approximately RMB105,028,000, are principally used in the operations of gas refuelling stations. In view of the losses contributed by gas refuelling stations during the year ended 31 December 2021, management considered that there were indications that the Group's property, plant and equipment and right-of-use assets attributable to gas refuelling stations may be impaired as at 31 December 2021.

Management performs impairment assessments of the property, plant and equipment and right-of-use assets attributable to the Group's gas refuelling stations whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable.

Our key audit procedures included:

- Assessing management's identification of indicators of potential impairment of the property, plant and equipment and right-of-use assets attributable to gas refuelling stations, the identification of the CGUs, the allocation of assets to each CGU, the use of higher of the value in use or fair value less cost of disposal model for determining the recoverable amounts and the methodology adopted in the preparation of the DCFF with reference to our understanding of the Group's gas refuelling station business and the requirements of the prevailing accounting standards;
- Assessing management's DCFF for those CGUs where impairment indications were noted by evaluating the reasonableness of the key assumptions adopted by management, with our understanding and knowledge of the Group's business in general;
- Comparing the forecast selling prices and purchase prices of LPG, CNG and LNG with external market data;

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS (Continued)

Assessment of the potential impairment of the property, plant and equipment and right-of-use assets attributable to gas refuelling stations (Continued)

Refer to significant accounting policies in Note 2 and the disclosure of property, plant and equipment and right-of-use assets in Notes 12 and 13 to the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Each gas refuelling station operated by the Group has been identified as a separate cash-generating unit ("CGU") for impairment assessment purpose. Management compares the carrying amounts of the property, plant and equipment allocated to each CGU with the respective recoverable amounts, which are estimated by calculating their value in use based on a discounted cash flow forecast ("DCFF"), to determine the amount of impairment loss when the impairment indicators arises.

The preparation of DCFF involves significant management judgement and estimation in determining the relevant inputs to the DCFF's assumptions, including forecast selling prices and purchase prices of liquefied petroleum gas ("LPG"), compressed natural gas ("CNG") and liquefied natural gas ("LNG"), forecast expenses and the appropriate discount rates. All of which could be subject to management bias in the selection. Therefore, we consider the impairment assessment on the property, plant and equipment and right-of-use assets attributable to gas refuelling stations as a key audit matter.

- Comparing key financial data, including revenue, cost of sales and expenses, in the cash flow forecasts with the budgets approved by the Board of directors;
- Comparing the actual results for the current year with management's estimates in their DCFF prepared in the previous year to assess the historical accuracy of the management's forecasting process;
- Evaluating the competence, capabilities and objectivity of the independent professional valuer;
- Evaluating the reasonableness of the valuation methods and key assumptions adopted by the independent professional valuer base on our knowledge of the Group's industry and market; and
- Performing sensitivity analysis of the key assumptions on the DCFF to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions.

INDEPENDENT AUDITOR'S REPORT (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in this annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

INDEPENDENT AUDITOR'S REPORT (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 30 March 2022

The engagement director on the audit resulting in this independent auditor's report is:

Chan Chi Ming Andy

Practising Certificate number: P05132

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	4	1,907,822	1,284,358
Cost of sales	7	(1,815,035)	(1,182,054)
Gross profit		92,787	102,304
Other income	5	41,914	24,323
Staff costs		(36,537)	(37,662)
Depreciation		(23,649)	(25,101)
Short-term lease charges		(2,069)	(2,040)
Other operating expenses		(35,129)	(35,898)
Finance costs	6	(20,051)	(6,516)
Share of result of an associate	15	160	–
Share of result of a joint venture	16	(3,380)	(1,099)
Profit before taxation	7	14,046	18,311
Income tax expenses	8	(5,598)	(5,320)
Profit for the year		8,448	12,991
Other comprehensive (loss) income:			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange difference on translation of the Company's financial statements		(4,731)	(10,576)
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of functional currency to presentation currency		1,645	3,818
Other comprehensive loss for the year		(3,086)	(6,758)
Total comprehensive income for the year		5,362	6,233
Profit (Loss) for the year attributable to:			
Equity holders of the Company		9,664	12,627
Non-controlling interests		(1,216)	364
Profit for the year		8,448	12,991

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Company		6,578	5,869
Non-controlling interests		(1,216)	364
Total comprehensive income for the year			
		5,362	6,233
Earnings per share			
		RMB cents	RMB cents
Basic and diluted	11	4.47	5.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	12	137,302	152,503
Right-of-use assets	13	49,585	62,132
Interest in an associate	15	20,160	–
Interest in a joint venture	16	13,488	16,868
Financial assets measured at fair value through profit or loss	17	16,350	3,350
Pledged and restricted deposits	20	–	70,000
Deferred tax assets	24	11,384	8,505
		248,269	313,358
Current assets			
Inventories	18	2,937	3,231
Financial assets measured at fair value through profit or loss	17	–	50,960
Trade and other receivables	19	192,157	185,060
Income tax recoverable		4,154	4,834
Pledged and restricted deposits	20	394,500	53,050
Bank balances and cash	20	77,450	56,304
		671,198	353,439
Current liabilities			
Trade and other payables	21	24,855	44,380
Interest-bearing borrowings	22	476,500	196,597
Lease liabilities	23	3,313	7,301
Financial liabilities measured at fair value through profit or loss	17	–	2,958
		504,668	251,236
Net current assets		166,530	102,203
Total assets less current liabilities		414,799	415,561

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Lease liabilities	23	28,552	34,308
Deferred tax liabilities	24	1,809	1,765
		30,361	36,073
NET ASSETS		384,438	379,488
Capital and reserves			
Share capital	25	1,892	1,892
Reserves	26	354,705	348,127
Equity attributable to equity holders of the Company		356,597	350,019
Non-controlling interests	14	27,841	29,469
TOTAL EQUITY		384,438	379,488

The consolidated financial statements on pages 75 to 149 were approved and authorised for issue by the Board of Directors on 30 March 2022 and signed on its behalf by:

Ji Guang
Executive Director

Ji Ling
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Equity attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Exchange reserve	Other reserve	Accumulated profits			
	RMB'000 (Note 25)	RMB'000 (Note 26(a))	RMB'000 (Note 26(b))	RMB'000 (Note 26(c))	RMB'000 (Note 26(d))	RMB'000	RMB'000	RMB'000	
As at 1 January 2021	1,892	173,360	44,999	(5,057)	(11,970)	146,795	350,019	29,469	379,488
Profit (Loss) for the year	-	-	-	-	-	9,664	9,664	(1,216)	8,448
Other comprehensive (loss) income									
<i>Items that will not be reclassified to profit or loss</i>									
Exchange difference on translation of the Company's financial statements	-	-	-	(4,731)	-	-	(4,731)	-	(4,731)
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of functional currency to presentation currency	-	-	-	1,645	-	-	1,645	-	1,645
Total other comprehensive loss for the year, net of tax	-	-	-	(3,086)	-	-	(3,086)	-	(3,086)
Total comprehensive (loss) income for the year	-	-	-	(3,086)	-	9,664	6,578	(1,216)	5,362
Transactions with equity holders of the Company									
<i>Contributions and distributions:</i>									
Transfer to statutory reserve	-	-	1,116	-	-	(1,116)	-	-	-
Deregistration of a non-wholly owned subsidiary	-	-	-	-	-	-	-	(702)	(702)
Contributions from non-controlling interests	-	-	-	-	-	-	-	290	290
Total transactions with equity holders of the Company	-	-	1,116	-	-	(1,116)	-	(412)	(412)
As at 31 December 2021	1,892	173,360	46,115	(8,143)	(11,970)	155,343	356,597	27,841	384,438

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2021

	Equity attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Exchange reserve	Other reserve	Accumulated profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25)	(Note 26(a))	(Note 26(b))	(Note 26(c))	(Note 26(d))				
As at 1 January 2020	1,892	173,360	43,936	1,701	(11,970)	135,231	344,150	27,995	372,145
Profit for the year	-	-	-	-	-	12,627	12,627	364	12,991
Other comprehensive (loss) income									
<i>Items that will not be reclassified to profit or loss</i>									
Exchange difference on translation of the Company's financial statements	-	-	-	(10,576)	-	-	(10,576)	-	(10,576)
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of functional currency to presentation currency	-	-	-	3,818	-	-	3,818	-	3,818
Total other comprehensive loss for the year	-	-	-	(6,758)	-	-	(6,758)	-	(6,758)
Total comprehensive (loss) income for the year	-	-	-	(6,758)	-	12,627	5,869	364	6,233
Transactions with equity holders of the Company									
<i>Contributions and distributions:</i>									
Transfer to statutory reserve	-	-	1,063	-	-	(1,063)	-	-	-
Contributions from non-controlling interests	-	-	-	-	-	-	-	1,110	1,110
Total transactions with equity holders of the Company	-	-	1,063	-	-	(1,063)	-	1,110	1,110
As at 31 December 2020	1,892	173,360	44,999	(5,057)	(11,970)	146,795	350,019	29,469	379,488

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
OPERATING ACTIVITIES			
Cash from operations	27(a)	29,043	23,856
Income tax paid		(7,753)	(8,945)
Net cash from operating activities		21,290	14,911
INVESTING ACTIVITIES			
Interest received		4,696	1,720
Disposal of property, plant and equipment		2,155	4,161
Purchase of property, plant and equipment		(3,715)	(9,119)
Net decrease (increase) in financial assets and financial liabilities measured at fair value through profit or loss		32,888	(34,295)
Repayment of (loan to) a third party		5,000	(10,000)
Net cash outflow on deregistration of a non-wholly owned subsidiary		(702)	–
Net cash outflow on acquisition of an associate		(20,000)	–
Net cash outflow on acquisition of a joint venture		–	(1,033)
Decrease (increase) in pledged and restricted deposits		70,000	(70,000)
Net cash from (used in) investing activities		90,322	(118,566)
FINANCING ACTIVITIES			
Interest paid	27(b)	(17,957)	(4,270)
Proceeds from interest-bearing borrowings	27(b)	476,500	196,597
Repayment of interest-bearing borrowings	27(b)	(196,597)	(136,370)
Repayment of lease liabilities (capital portion)	27(b)	(5,896)	(7,537)
Repayment of lease liabilities (interest portion)	27(b)	(2,094)	(2,246)
Contributions from non-controlling interests		290	1,110
Increase in pledged and restricted deposits		(341,450)	(38,340)
Net cash (used in) from financing activities		(87,204)	8,944
Net increase (decrease) in cash and cash equivalents		24,408	(94,711)
Cash and cash equivalents at the beginning of the year		56,304	151,605
Effect on exchange rate changes		(3,262)	(590)
Cash and cash equivalents at the end of year	20	77,450	56,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. CORPORATE INFORMATION

Sino Gas Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 26 March 2018 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address and the principal place of business of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 3103, Block A1, Caifu Shiji Square, 13 Haian Road, Tianhe District, Guangzhou, the People’s Republic of China (the “**PRC**”), respectively.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 28 December 2018. The immediate parent of the Company is China Full Limited which is incorporated in Hong Kong. In the opinion of the directors, the ultimate controlling party of the Company is Mr. Ji Guang.

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in retail and wholesale of liquefied petroleum gas (“**LPG**”), compressed natural gas (“**CNG**”) and liquefied natural gas (“**LNG**”) in the PRC. Details of the principal subsidiaries of the Company and their principal activities are disclosed in Note 14 to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (the “**IASB**”), the disclosure requirements of the Companies Ordinance (Cap. 622) (the “**CO**”) and the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in September 2019 and relate to:

- changes to contractual cash flows — a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting — a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures — a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for financial assets measured at fair value through profit or loss (“**FVPL**”), which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instrument's proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, an investment in subsidiary is stated at cost less accumulated impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Associates and joint ventures (Continued)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in associate or joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately:

Buildings and properties	10–50 years
Refuelling equipment	3–22 years
Motor vehicles and other equipment	3–15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Construction in progress

Construction in progress represents refuelling equipment and buildings and properties under construction and is stated at cost less accumulated impairment loss. Cost includes construction expenditures incurred and other direct costs capitalised during the construction period. No depreciation is made on construction in progress until the construction work is completed and the assets are ready for their intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment when appropriate.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis, except for financial assets mandatorily measured at FVPL and financial assets measured at amortised cost which are accounted for on the settlement date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("**Mandatory FVOCI**"); (iii) equity investment measured at fair value through other comprehensive income ("**Designated FVOCI**"); or (iv) measured at FVPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Recognition and derecognition (Continued)

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the "**reclassification date**").

- 1) Financial assets measured at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:
 - (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, pledged and restricted deposits and bank balances and cash.

- 2) Financial assets measured at FVPL
These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include unlisted equity securities, foreign exchange forward contracts and structured deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings and lease liabilities. All financial liabilities, except for financial liabilities measured at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial liabilities measured at FVPL include financial liabilities held for trading, financial liabilities designated upon initial recognition as at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, except for the portion of fair value changes of financial liabilities designated at FVPL that are attributable to the credit risk of the liabilities which is presented in other comprehensive income unless such treatment would create or enlarge an accounting mismatch in profit or loss. The amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses. Interest expenses are presented separately from fair value gain or loss.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("**ECL**") on financial assets that are measured at amortised cost and lease receivables to which the impairment requirements apply in accordance with IFRS 9. At each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive. For a lease receivable, the cash flows used for determining the ECL should be consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument
- (iii) nature of collateral
- (iv) industry of debtors
- (v) geographical location of debtors
- (vi) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 29(a) to the consolidated financial statements, the following financial instruments are determined to have low credit risk:

- Pledged and restricted deposits; and
- Bank balances and cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Simplified approach of ECL

For trade receivables and contract assets without significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, and operating lease receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Revenue recognition

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is retail and wholesale of LPG, CNG and LNG.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers within IFRS 15 (Continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sales of LPG, CNG and LNG is recognised when goods are delivered at gas refuelling stations operated by the Group or premises which are determined by customers which is taken to be the point in time when the Group transfers control over the products to the customers.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract liabilities

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier).

For a single contract or a single set of related contracts, a net contract liability is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Contract liabilities (Continued)

For the wholesale business of the sales of LPG, CNG and LNG, it is common for the Group to receive from the customer some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Since the Group's main operation is carried out in the PRC, the amounts shown in the consolidated financial statements are presented in Renminbi ("**RMB**").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period.
- Income and expenses for each statement of comprehensive income are translated at average exchange rate.
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment and right-of-use assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Borrowings costs

Borrowings costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset as follows:

Land use rights	20–50 years
Buildings and equipment	2–20 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

A lease modification is accounted for as a separate lease if

- (a) the modification increase the scope of the lease by adding the right to use or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

The Group has applied the practical expedient provided in Amendments to IFRS 16: *Covid-19-Related Rent Concessions* and does not assess whether eligible rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor — operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Employee benefit

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to a defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Pursuant to the relevant PRC laws and regulations, each of the PRC subsidiaries of the Group is required to participate in a retirement benefit scheme organised by the local municipal government whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to pay the ongoing required contributions. Contributions made to the defined contribution retirement scheme are charged to profit or loss as incurred.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on interests in subsidiaries, an associate and a joint venture, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management and the Board of directors for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Impairment of property, plant and equipment and right-of-use assets

If circumstances indicate that the carrying amount of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of non-financial assets as described in Note 2 to the consolidated financial statements. These assets are tested for impairment at least annually or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgements relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

Loss allowance for ECL

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. Details of the key assumption and inputs used in estimating ECL are set out in Note 29(a) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgements (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of investments and receivables

The Group assesses annually if investment in subsidiaries, an associate and a joint venture has suffered any impairment in accordance with IAS 36 and follows the guidance of IFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Depreciation rate of the property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and residual values, if any, of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of useful lives and residual values, if any, are based on the historical experience with similar assets and taking into account anticipated changes on how such assets are to be deployed. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Future changes in IFRSs

At the date of authorisation of these consolidated financial statements, the IASB has issued the following new/revised IFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to IAS 16	<i>Proceeds before Intended Use</i> ¹
Amendments to IAS 37	<i>Cost of Fulfilling a Contract</i> ¹
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ¹
Annual Improvements to IFRSs	<i>2018–2020 Cycle</i> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ²
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i> ²
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ²
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ The effective date to be determined

The directors are in the process of assessing the possible impact on the future adoption of the new/revised IFRSs, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

3. SEGMENT INFORMATION

The Group manages its reporting segments by different business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and the Board of directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- **Retail:** This segment principally generates revenue from the sale of LPG, CNG and LNG to vehicular end-users by operating gas refuelling stations and industrial customers.
- **Wholesale:** This segment principally generates revenue from the sale of LPG, CNG and LNG to gas merchants.

For the purposes of assessing the performance of operating segments and allocating resources between segments, the Group's most senior executive management and the Board of directors monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other income and expenses, such as staff costs, depreciation, short-term lease charges and other operating expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Analysis of the Group's segmental information by business and geographical location during the year is set out below.

(a) Segment results

	Retail		Wholesale		Total	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Revenue recognised at a point in time from external customers and reportable segment revenue	265,741	236,595	1,642,081	1,047,763	1,907,822	1,284,358
Reportable segment gross profit	80,129	83,760	12,658	18,544	92,787	102,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

3. SEGMENT INFORMATION (Continued)

(b) Reconciliation of reportable segment results to consolidated profit before taxation

	2021 RMB'000	2020 RMB'000
Total reportable segment gross profit	92,787	102,304
Other income	41,914	24,323
Staff costs	(36,537)	(37,662)
Depreciation	(23,649)	(25,101)
Short-term lease charges	(2,069)	(2,040)
Other operating expenses	(35,129)	(35,898)
Finance costs	(20,051)	(6,516)
Share of result of an associate	160	–
Share of result of a joint venture	(3,380)	(1,099)
Total consolidated profit before taxation	14,046	18,311

(c) Geographic information

The Group's revenue is substantially generated from the sales of LPG, CNG and LNG in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided for the years ended 31 December 2021 and 2020.

(d) Information about major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

4. REVENUE

	2021		
	Retail RMB'000	Wholesale RMB'000	Total RMB'000
Revenue from contracts with customers within IFRS 15			
— LPG	31,518	1,571,401	1,602,919
— CNG	212,252	29,505	241,757
— LNG	21,971	30,475	52,446
— Others	—	10,700	10,700
	265,741	1,642,081	1,907,822
	2020		
	Retail RMB'000	Wholesale RMB'000	Total RMB'000
Revenue from contracts with customers within IFRS 15			
— LPG	48,328	979,135	1,027,463
— CNG	160,362	28,805	189,167
— LNG	27,905	30,106	58,011
— Others	—	9,717	9,717
	236,595	1,047,763	1,284,358

5. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Interest revenue calculated using the effective interest method	16,496	3,062
Gain on disposal of property, plant and equipment	254	255
Lease income under operating leases	5,442	5,418
Net fair value loss of financial assets and liabilities measured at FVPL	(2,114)	(1,550)
Gain on acquisition of control over a joint venture	—	2,656
Government grants (Note)	523	7,741
Exchange gain, net	2,337	6,078
Wavier of the overprovision of accrued berthing services charges	18,125	—
Sundry income	851	663
	41,914	24,323

Note: The government grants represented the incentive subsidies received from various PRC government authorities. There are no conditions or future obligations attached to these grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

6. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on bank loans	17,957	4,270
Interest on lease liabilities	2,094	2,246
	20,051	6,516

7. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2021 RMB'000	2020 RMB'000
Other items		
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	32,764	36,920
Contribution to defined contribution retirement schemes *	3,441	327
Termination benefits	332	415
	36,537	37,662
Cost of inventories	1,815,035	1,182,054
Auditor's remuneration	1,100	1,390
Depreciation		
— Property, plant and equipment	14,950	14,932
— Right-of-use assets	8,699	10,169
Exchange gain, net	(2,337)	(6,078)
Provision for impairment loss on property, plant and equipment	2,241	5,286

* During the year ended 31 December 2020, the PRC government granted reductions or exemptions from social securities contribution to PRC subsidiaries due to the Covid-19 pandemic.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

8. TAXATION

	Note	2021 RMB'000	2020 RMB'000
Current tax			
Current year		7,053	7,850
Under provision in prior year		1,380	–
		8,433	7,850
Deferred taxation			
Origination and reversal of temporary difference	24	(2,835)	(2,530)
Total income tax expense for the year		5,598	5,320

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Company and the Group’s BVI subsidiaries are not subject to income tax in those jurisdictions for the years ended 31 December 2021 and 2020.
- (b) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2020: 16.5%). Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the years ended 31 December 2021 and 2020.
- (c) The statutory PRC Corporate Income Tax for the PRC subsidiaries are 25% (2020: 25%).
- (d) Dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%. The Group’s Hong Kong subsidiaries are subject to PRC dividend withholding tax on dividends receivable from their PRC subsidiaries, an associate and a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

8. TAXATION (Continued)

Reconciliation of income tax expenses

	2021 RMB'000	2020 RMB'000
Profit before taxation	14,046	18,311
Tax calculated at the rates applicable to profits in the tax jurisdictions concerned	3,204	4,559
Non-deductible expenses	421	340
Utilisation of previously unrecognised tax losses	(14)	–
Unrecognised tax losses	–	415
Under provision in prior year	1,380	–
Share of results of an associate and a joint venture	805	275
Withholding tax in connection with the distribution from and the undistributed profits of a joint venture	–	(269)
Others	(198)	–
Income tax expenses for the year	5,598	5,320

The applicable tax rate is the weighted average of rates prevailing in the territories in which the group entities operate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

(a) Directors' remunerations

Details of directors' remunerations for the year, disclosed pursuant to the Listing Rules and the disclosure requirements of Companies Ordinance, are as follows:

	2021				Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement schemes RMB'000	
<i>Executive directors</i>					
Mr. Ji Guang	–	913	–	7	920
Ms. Ji Ling	–	258	45	7	310
Ms. Cui Meijian	–	158	–	7	165
Mr. Zhou Feng	–	260	156	7	423
<i>Independent Non-executive directors</i>					
Mr. Sheng Yuhong	100	–	–	–	100
Mr. Wang Zhonghua	100	–	–	–	100
Dr. Zheng Jianpeng	100	–	–	–	100
	300	1,589	201	28	2,118

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(a) Directors' remunerations (Continued)

	2020				
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
<i>Executive directors</i>					
Mr. Ji Guang	–	968	–	1	969
Ms. Ji Ling	–	258	37	1	296
Ms. Cui Meijian	–	283	115	1	399
Mr. Zhou Feng	–	260	73	1	334
<i>Independent Non-executive directors</i>					
Mr. Sheng Yuhong	107	–	–	–	107
Mr. Wang Zhonghua	107	–	–	–	107
Dr. Zheng Jianpeng	107	–	–	–	107
	321	1,769	225	4	2,319

There were no arrangements under which a director waived or agreed to waive any emoluments for the year ended 31 December 2021 (2020: Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year (2020: Nil).

(i) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company, or bodies corporate controlled by such directors, or entities connected with such directors that were entered into or subsisted during the years ended 31 December 2021 and 2020.

(ii) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or entities connected with the directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2020: three) are directors whose emoluments are disclosed in Note 9(a). The aggregate of the emoluments in respect of the remaining two (2020: two) highest paid individuals, who are not directors, are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and other emoluments	488	484
Discretionary bonuses	–	360
Contributions to defined contribution retirement schemes	13	2
	501	846

The emoluments of the non-director individuals with the highest emoluments are within the following bands:

	2021 Number of individuals	2020 Number of individuals
Hong Kong Dollars (“HK\$”) Nil to HK\$1,000,000 (equivalent to Nil to RMB830,000)	2	2

There were no arrangements under which any of the five (2020: five) highest paid individuals waived or agreed to waive any remuneration during the year ended 31 December 2021 (2020: Nil). In addition, no remuneration was paid by the Group to any of the five (2020: five) highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2020: Nil).

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit attributable to the ordinary equity shareholders of the Company of approximately RMB9,664,000 (2020: approximately RMB12,627,000) and the weighted average number of 216,000,000 (2020: 216,000,000) shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted earnings per share is the same as basic earnings per share for the years presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings and properties RMB'000 (Note 12(a))	Refuelling equipment RMB'000	Motor vehicles and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Reconciliation of carrying amount					
— year ended 31 December 2020					
At beginning of the year	34,343	45,181	21,948	53,417	154,889
Additions	772	4,743	924	2,680	9,119
Additions — acquisition of a subsidiary	5,613	6,637	369	—	12,619
Transfer in (out)	8,999	7,746	76	(16,821)	—
Impairment loss (Note 12(b))	—	(5,286)	—	—	(5,286)
Depreciation	(3,054)	(8,266)	(3,612)	—	(14,932)
Disposals	—	(2,836)	(182)	(888)	(3,906)
At the end of the reporting period	46,673	47,919	19,523	38,388	152,503
Reconciliation of carrying amount					
— year ended 31 December 2021					
At beginning of the year	46,673	47,919	19,523	38,388	152,503
Additions	34	693	1,245	1,743	3,715
Transfer in (out)	—	362	—	(362)	—
(Provision for) Reversal of Impairment loss (Note 12(b))	—	(2,242)	1	—	(2,241)
Depreciation	(2,841)	(7,704)	(4,405)	—	(14,950)
Disposals	—	(1,519)	(24)	(358)	(1,901)
Others	(447)	(473)	1,817	(721)	176
At the end of the reporting period	43,419	37,036	18,157	38,690	137,302
At 31 December 2020					
Cost	65,350	110,258	61,901	38,388	275,897
Accumulated depreciation and impairment loss	(18,677)	(62,339)	(42,378)	—	(123,394)
Net carrying amount	46,673	47,919	19,523	38,388	152,503
At 31 December 2021					
Cost	68,288	118,330	68,580	38,690	293,888
Accumulated depreciation and impairment loss	(24,869)	(81,294)	(50,423)	—	(156,586)
Net carrying amount	43,419	37,036	18,157	38,690	137,302

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) At the end of the reporting period, the application for property rights certificates of certain of the Group's buildings with aggregate net carrying amount of approximately RMB1,621,000 (2020: approximately RMB895,000) has not been processed or is in process. Mr. Ji Guang, the ultimate controlling party of the Company, has undertaken to procure the obtaining of the title documents for the abovementioned properties. If title documents could not be obtained, Mr. Ji Guang agreed to indemnify the Group for all losses and damages arising therefrom.
- (b) During the year ended 31 December 2021, in a view of the losses attributed by gas refuelling stations, the Group assessed the recoverable amounts of property, plant and equipment and right-of-use assets set out in Note 13 attributable to gas refuelling stations, based on the discounted cash flow forecast or reference to valuation reports prepared by Beijing Yachao Asset Appraisal Co., Ltd. (2020: Jones Lang LaSalle Corporate Appraisal and Advisory Limited) or management estimation. The carrying amount of these assets at the end of the reporting period would have been approximately RMB105,028,000 (2020: approximately RMB128,822,000). Provision for impairment loss of approximately RMB2,241,000 (2020: approximately RMB5,286,000) was recognised in other operating expenses for the year ended 31 December 2021. The estimates of recoverable amount were based on its value in use with pre-tax discount rate of 15% (2020: 15%).
- (c) At the end of the reporting period, the Group leases out certain of its properties, motor vehicles and equipment to third parties under operating leases. Lease terms range from 1 to 10 years (2020: 1 to 10 years), with an option to renew the lease when all terms are renegotiated. At 31 December 2021, the aggregate carrying amount of the properties, motor vehicles and equipment leased out amounted to approximately RMB1,503,000 (2020: approximately RMB1,215,000). Accounting policies of lease income under operating leases are set out in Note 2 to the consolidated financial statements. The maturity analysis of undiscounted lease payments to be received from the leasing of properties, motor vehicles and equipment recognized as property, plant and equipment and buildings and equipment recognized as right-of-use assets is set out in Note 13 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

13. RIGHT-OF-USE ASSETS

The Group as lessee

	Land use rights RMB'000	Buildings and equipment RMB'000	Total RMB'000
Reconciliation of carrying amount			
— year ended 31 December 2020			
At beginning of the year	14,424	48,067	62,491
Additions	123	499	622
Additions — acquisition of a subsidiary	4,843	5,670	10,513
Depreciation	(735)	(9,434)	(10,169)
Disposals	—	(1,325)	(1,325)
Others	153	(153)	—
At the end of the reporting period	18,808	43,324	62,132
Reconciliation of carrying amount			
— year ended 31 December 2021			
At beginning of the year	18,808	43,324	62,132
Additions	—	353	353
Depreciation	(631)	(8,068)	(8,699)
Contract modification	—	(4,201)	(4,201)
At the end of the reporting period	18,177	31,408	49,585
At 31 December 2020			
Cost	20,246	66,625	86,871
Accumulated depreciation and impairment loss	(1,438)	(23,301)	(24,739)
Net carrying amount	18,808	43,324	62,132
At 31 December 2021			
Cost	20,246	44,436	64,682
Accumulated depreciation and impairment loss	(2,069)	(13,028)	(15,097)
Net carrying amount	18,177	31,408	49,585

The Group leases various land use rights, buildings and equipment for its daily operations. Lease terms range from 2 to 50 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

13. RIGHT-OF-USE ASSETS (Continued)

The Group as lessee (Continued)

Covid-19-related rent concessions

The amount recognised in operating lease charges during the year ended 31 December 2021 to reflect changes in lease payments that arise from rent concessions to which the Group has applied the practical expedient for Covid-19-related rent concessions provided in Amendments to IFRS 16 is approximately RMB20,000 (2020: approximately RMB9,000).

Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the underlying assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets.

For leases of buildings, the Group is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Extension and termination options

Some of the lease contracts of buildings and equipment contain an extension and termination option, respectively. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leases of buildings and equipment is normally exercised because there are significant leasehold improvements while the termination option in the leases of equipment is normally exercised because the Group could replace the assets without significant cost or business disruption. The Group seldom exercises options that were not included in the lease liabilities.

The Company has recognised the following amounts for the year:

	2021 RMB'000	2020 RMB'000
Lease payments:		
Short-term leases	2,069	2,040
Expenses recognised in profit or loss	2,069	2,040
Lease liabilities payments	7,990	9,783
Total cash outflow for leases	10,059	11,823

The interest expenses on lease liabilities is set out in Note 27(b) to the consolidated financial statements.

Commitments under leases

At 31 December 2021, the Group was committed to approximately RMB615,000 (2020: approximately RMB449,000) for short-term leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

13. RIGHT-OF-USE ASSETS (Continued)

The Group as lessor

At the end of the reporting period, the Group leases out certain of its buildings and equipment to third parties under operating leases, with lease term of 10 years (2020: 10 years) and an option to renew the lease when all terms are renegotiated.

At 31 December 2021, the aggregate carrying amount of the buildings and equipment leased out amounted to approximately RMB904,000 (2020: approximately RMB1,072,000).

Accounting policies of lease income under operating leases are set out in Note 2 to the consolidated financial statements.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of properties, motor vehicles and equipment.

	2021 RMB'000	2020 RMB'000
Year 1	5,503	4,709
Year 2	5,526	4,709
Year 3	5,563	4,712
Year 4	5,567	4,712
Year 5	5,391	4,712
Over 5 years	6,293	9,112
Undiscounted lease payments to be received	33,843	32,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

14. INTERESTS IN SUBSIDIARIES

Details of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ operation and legal from if established in PRC	Registered capital/issued share capital	Proportion of ownership interest		Principal activities
			Directly	Indirectly	
Zhengzhou Sino Gas Bus Fuel Company Limited ("Zhengzhou Sino Gas") [#] (鄭州中油潔能巴士(燃氣)有限公司)	The PRC, limited liability company	RMB30,000,000	–	60%	Sale of CNG to vehicular end-users by operating refuelling stations
Guangzhou Sino Gas Fuel Chain Company Limited [#] (廣州中油潔能燃氣連鎖有限公司)	The PRC, limited liability company	RMB20,000,000	–	100%	Sale of LPG to vehicular end-users by operating refuelling stations
Sino Gas (Zhuhai) Limited [#] (中油潔能(珠海)石化有限公司)	The PRC, wholly foreign-owned enterprise	HK\$38,000,000	–	100%	Investment holding
Zhuhai Sino Gas Dangerous Goods Transportation Company Limited [#] (珠海中油潔能危險品運輸有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Fuel transportation
Xinzheng Yonghui Natural Gas Company Limited [#] (新鄭永輝天然氣有限公司)	The PRC, limited liability company	HK\$12,000,000	–	100%	Sale of CNG to vehicular end-users by operating refuelling stations and wholesale of CNG
Henan Sino Gas Sales and Transportation Company Limited [#] (河南中油潔能銷售運輸有限公司)	The PRC, limited liability company	RMB12,000,000	–	100%	Fuel transportation
Zhuhai Hengqin Xinqu Sino Gas Fuel Company Limited [#] (珠海橫琴新區中油潔能燃氣有限公司)	The PRC, limited liability company	RMB5,000,000	–	100%	Investment holding
Guangzhou Sino Gas Logistics Company Limited [#] (廣州中油潔能物流有限公司)	The PRC	RMB10,000,000	–	100%	Fuel transportation
Guangdong Sino Gas Investment Company Limited [#] (廣東中油潔能投資有限公司)	The PRC, limited liability company	RMB100,000,000	–	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

14. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation and legal from if established in PRC	Registered capital/issued share capital	Proportion of ownership interest		Principal activities
			Directly	Indirectly	
Guangzhou Sino Gas New Energy Company Limited # (廣州中油潔能新能源有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Sale of LNG to vehicular end-users by operating refuelling stations
Henan Sino Gas Yonghui Natural Gas Company Limited # (河南中油潔能永輝天然氣有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Sale of CNG and LNG to vehicular end-users by operating refuelling stations and wholesale of CNG and LNG
Henan Sino Gas Fuel Company Limited # (河南中油潔能燃氣有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Wholesale of CNG and LNG
Sino Gas New Energy Investment Limited	Hong Kong	10,000 shares	–	100%	Investment holding
Guangdong Sino Gas Petrochemical Company Limited # (廣東中油潔能石化有限公司)	The PRC, limited liability company	RMB20,000,000	–	100%	Wholesale of LPG
Sino Gas Investment Group Company Limited	Hong Kong	10,000 shares	–	100%	Investment holding
Zhengzhou Transport Investment Sino Gas Fuel Company Limited ("Zhengzhou Fuel") # (鄭州交投中油潔能燃氣有限公司)	The PRC, limited liability company	RMB100,000,000	–	51%	Sale of CNG to vehicular end-users by operating refuelling stations
Guangzhou Sino Gas Natural Gas Company Limited # (廣州中油潔能天然氣有限公司)	The PRC, limited liability company	RMB20,000,000	–	100%	Sale of natural gas
Perfect Wise Asia Limited	The BVI	1 share of United States Dollar ("US\$") 1	100%	–	Investment holding
Sino Gas Energy Group Limited	The BVI	100 shares of US\$1 each	100%	–	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

14. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation and legal from if established in PRC	Registered capital/issued share capital	Proportion of ownership interest		Principal activities
			Directly	Indirectly	
Sino Gas Investments Holdings Group Limited	Hong Kong	1 share	–	100%	Investment holding
Guangzhou Sino Gas Fuel Sales Company Limited # (廣州中油潔能燃氣銷售有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Sale of LPG
Henan Blue Sky Sinopetroleum Clean Energy Science & Technology Company Limited # (河南藍天中油潔能科技有限公司)	The PRC, limited liability company	RMB20,000,000	–	100%	Sale of CNG to vehicular end- users by operating refuelling stations
Sino Gas Technology Group Limited	Hong Kong	1 share	–	100%	Investment holding
Hebei Sino Gas New Energy Technology Company Limited # (河北中油潔能新能源科技有限公司)	The PRC, limited liability company	RMB10,000,000	—	51%	Wholesale of LNG

English translation for identification purposes only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

14. INTERESTS IN SUBSIDIARIES (Continued)

Financial information of subsidiaries with individually material NCI

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material NCI. The summarized financial information represents amounts before inter-company eliminations.

At 31 December 2021

	Zhengzhou Fuel RMB'000	Zhengzhou Sino Gas RMB'000
<i>Gross amount</i>		
Current assets	2,513	60,704
Non-current assets	34,235	24,340
Current liabilities	(3,025)	(53,918)
Non-current liabilities	(3,053)	(299)
Equity	30,670	30,827
<i>Reconciliation</i>		
Gross amount of equity	30,670	30,827
NCI's ownership interests	49%	40%
NCI's share of equity	15,028	12,331

For the year ended 31 December 2021

	Zhengzhou Fuel RMB'000	Zhengzhou Sino Gas RMB'000
Revenue	–	141,131
Expenses	(1,749)	(142,073)
Loss and total comprehensive loss for the year	(1,749)	(942)
Total comprehensive loss attributable to NCI	(857)	(377)
Net cash flow (used in) from:		
Operating activities	(440)	8,832
Investing activities	(288)	3
Financing activities	650	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

14. INTERESTS IN SUBSIDIARIES (Continued)

Financial information of subsidiaries with individually material NCI (Continued)

At 31 December 2020

	Zhengzhou Fuel RMB'000	Zhengzhou Sino Gas RMB'000
<i>Gross amount</i>		
Current assets	2,763	62,321
Non-current assets	34,781	28,278
Current liabilities	(2,258)	(58,308)
Non-current liabilities	(3,516)	(523)
Equity	31,770	31,768
<i>Reconciliation</i>		
Gross amount of equity	31,770	31,768
NCI's ownership interests	49%	40%
NCI's share of equity	15,567	12,707

For the year ended 31 December 2020

	Zhengzhou Fuel RMB'000	Zhengzhou Sino Gas RMB'000
Revenue	–	128,996
Expenses	(1,461)	(126,338)
(Loss) Profit and total comprehensive (loss) income for the year	(1,461)	2,658
Total comprehensive (loss) income attributable to NCI	(715)	1,064
Net cash flow (used in) from:		
Operating activities	(1,481)	(1,162)
Investing activities	(418)	(776)
Financing activities	1,270	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

15. INTEREST IN AN ASSOCIATE

	2021 RMB'000	2020 RMB'000
Unlisted shares, at cost	20,000	–
Share of post-acquisition results	160	–
Share of net assets	20,160	–

Details of an associate at the end of the reporting period are as follows:

Name of associate	Place of incorporation/ operation and legal from	Registered capital	Proportion of effective ownership interest held by the Group		Principal activities
			2021	2020	
Guangzhou Qiande Education Consulting Partnership (Limited Partnership) (“Guangzhou Qiande”) # (廣州乾德教育諮詢合夥企業(有限合夥))	The PRC, limited partnership enterprise	RMB45,000,000	44.44%	–	Investment holding

English translation for identification purposes only.

The above associate is accounted for using the equity method in the consolidated financial statements.

Acquisition during the year

On 9 April 2021, the Company entered into a subscription agreement to subscribe 44.44% of the equity interests in Guangzhou Qiande with a cash consideration of RMB20,000,000. Upon completion of the subscription, Guangzhou Qiande became an associate of the Group.

Relationship with an associate

Guangzhou Qiande allows the Group to diversify its investment portfolio with an aim to enhancing the profitability.

Fair value of investment

The above associate is a private limited partnership and there is no quoted market price available for the investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

15. INTEREST IN AN ASSOCIATE (Continued)

Financial information of an associate

Summarised financial information of the above associate of the Group is set out below, which represents amounts shown in the associate's financial statements and adjusted by the Group for equity accounting purposes in IFRSs.

At 31 December 2021

	Guangzhou Qiande RMB'000
<i>Gross amount</i>	
Current assets	360
Non-current assets	45,000
Equity	45,360
<i>Reconciliation</i>	
Gross amount of equity	45,360
Group's ownership interests	44.44%
Group's share of equity	20,160

For the year ended 31 December 2021

	Guangzhou Qiande RMB'000
<i>Gross amount</i>	
Revenue	360
<i>Reconciliation</i>	
Profit and total comprehensive income for the year	360

Unrecognised share of loss of an associate

As at 31 December 2021, there are no unrecognised share of loss of an associate (2020: Nil).

Contingent liabilities

As at 31 December 2021, there are no contingent liabilities incurred by the Group in relation to its interest in an associate (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

16. INTEREST IN A JOINT VENTURE

	2021 RMB'000	2020 RMB'000
Unlisted shares, at cost	38,500	38,500
Share of post-acquisition results	(13,395)	(10,015)
Provision for impairment loss	(11,617)	(11,617)
Share of net assets	13,488	16,868

Details of a joint venture at the end of the reporting period are as follows:

Name of joint venture	Place of incorporation/ operation and legal from	Registered capital	Proportion of effective ownership interest held by the Group		Principal activities
			2021	2020	
Jiangmen Xinjiang Gas Company Limited ("JM Xinjiang Gas") # (江門市新江煤氣有限公司)	The PRC, limited liability company	RMB119,600,000	50%	50%	Wholesale of LPG

English translation for identification purposes only.

The above joint venture is accounted for using the equity method in the consolidated financial statements.

Relationship with a joint venture

JM Xinjiang Gas, which operates two LPG domestic stations and supplies LPG to other LPG fuel operators on wholesale basis, allows the Group to capture business opportunities from the sustainable growth of industrial and residential LPG market in Guangdong Province.

Fair value of investment

The above joint venture is private company and there is no quoted market price available for the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

16. INTEREST IN A JOINT VENTURE (Continued)

Financial information of the joint venture

Summarised financial information of the above joint venture of the Group is set out below, which represents amounts shown in the joint venture's financial statements and adjusted by the Group for equity accounting purposes in IFRSs.

	2021 RMB'000	2020 RMB'000
At 31 December		
<i>Gross amount</i>		
Current assets	169,677	792,751
Non-current assets	30,401	32,342
Current liabilities	(143,513)	(762,434)
Non-current liabilities	(29,589)	(28,923)
Equity	26,976	33,736
Included in the above:		
Cash and cash equivalents	67,405	707,399
Non-current financial liabilities	29,500	28,680
<i>Reconciliation</i>		
Gross amount of equity	26,976	33,736
Group's ownership interests	50%	50%
Group's share of net assets	13,488	16,868
For the year ended 31 December		
<i>Gross amount</i>		
Revenue	1,239,705	703,383
<i>Reconciliation</i>		
Loss and total comprehensive loss for the year	(6,760)	(1,999)
Group's ownership interests	50%	50%
Group's share of result	(3,380)	(999)
Included in above:		
Depreciation and amortisation	2,623	2,379
Interest income	6,816	8,578
Interest expense	7,235	13,939
Income tax expense	–	–

Unrecognised share of loss of a joint venture

As at 31 December 2021, there are no unrecognised share of loss of a joint venture (2020: Nil).

Contingent liabilities

As at 31 December 2021, there are no contingent liabilities incurred by the Group in relation to its interest in a joint venture (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

17. FINANCIAL ASSETS/LIABILITIES MEASURED AT FVPL

	Note	2021 RMB'000	2020 RMB'000
Mandatorily measured at FVPL			
Non-current assets			
Unlisted equity securities	17(a)	16,350	3,350
Current assets			
Foreign exchange forward contracts		–	133
Structured deposits	17(b)	–	50,827
		–	50,960
Current liabilities			
Foreign exchange forward contracts		–	(2,958)
Net position		16,350	51,352

17(a) The unlisted equity securities represent investments in three (2020: one) equity securities which were set up as limited partnerships in the PRC, aiming at allocating idle funds reasonably and increasing return on asset. The valuation techniques and significant inputs used in the measurement of the fair values of the unlisted equity securities are set out in note 31 to the consolidated financial statements.

17(b) The amount represented a principal-guaranteed structured deposits issued by a bank in the principal amount of RMB50,000,000, which was pledged for the interest-bearing borrowings as disclosed in Note 22 of the consolidated financial statements. The amount was matured during 2021.

18. INVENTORIES

	2021 RMB'000	2020 RMB'000
Gas	710	1,043
Spare parts	2,227	2,188
	2,937	3,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

19. TRADE AND OTHER RECEIVABLES

	Note	2021 RMB'000	2020 RMB'000
Trade receivables			
From third parties	19(a)	86,535	83,785
From a joint venture	19(b)	26,752	36,001
		113,287	119,786
Less: Loss allowance	29(a)	(1,846)	(1,846)
	19(c)	111,441	117,940
Other receivables			
Value-added tax receivables		6,954	8,482
Prepayments for purchase of inventories	19(d)	50,405	40,013
Loan to a third party	19(e)	7,672	11,342
Deposits and other receivables		23,768	15,366
		88,799	75,203
Less: Loss allowance	29(a)	(8,083)	(8,083)
		80,716	67,120
		192,157	185,060

At 31 December 2021, no trade and other receivables that are expected to be recovered after more than 12 months (2020: Nil).

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 29(a) to the consolidated financial statements.

19(a) The amounts due are unsecured, interest-free and with credit period of 30 to 90 days.

19(b) The amounts due are unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

19. TRADE AND OTHER RECEIVABLES (Continued)

19(c) The ageing analysis of trade receivables by invoice date and net of loss allowance is summarised as follows:

	2021 RMB'000	2020 RMB'000
Within 1 month	79,016	81,702
1 to 3 months	25,936	17,866
3 to 6 months	6,147	18,067
6 to 12 months	342	305
	111,441	117,940

The balances are trade receivables from contracts with customers within IFRS 15. As at 31 December 2021, impairment loss of approximately RMB1,846,000 (2020: approximately RMB1,846,000) is recognised for trade receivables from contracts with customers within IFRS 15.

19(d) Prepayments for purchase of inventories

These prepayments for purchase of inventories to suppliers are unsecured, interest free and will be used to offset against future purchases from suppliers.

19(e) Loan to a third party

The amount due is guaranteed by a corporate guarantee given by a shareholder of Jiangmen Yinyan Real Estate Development Co., Ltd. ("JM Yinyan") and bears interest at effective interest rate of 13.8% (2020: 13.8%). A supplementary agreement was entered into during the year and extended the loan maturity date to 30 June 2022.

The Group has hold collateral of properties amounted to approximately RMB10,000,000 given by JM Yinyan to indemnify the against any loss that may arise from non-settlement of loan to and interest receivables due from the third party up to an extent of approximately RMB7,672,000 (2020: approximately RMB11,342,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

20. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	Note	2021 RMB'000	2020 RMB'000
Current assets			
Bank balances and cash	20(a)	77,450	56,304
Pledged and restricted deposits	20(b)	394,500	53,050
		471,950	109,354
Non-current assets			
Pledged and restricted deposits	20(b)	–	70,000
Total cash and cash equivalents, pledged and restricted deposits	20(c)	471,950	179,354
Less: Pledged and restricted deposits		(394,500)	(123,050)
As stated in consolidated statement of cash flows		77,450	56,304

20(a) Cash at bank earns interest at floating rates based on daily deposit rates.

20(b) Pledged and restricted deposits earn interest at the prevailing deposit rates. At the end of the reporting period, RMB394,500,000 (2020: RMB115,500,000) was pledged as securities to secure for the interest-bearing borrowings as disclosed in Note 22 of the consolidated financial statements.

20(c) The Group's operations in the PRC (excluding Hong Kong) conducted their businesses in RMB. RMB is not freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

Information about the Group's exposure to credit risks for cash at bank and in hand and pledged and restricted deposits is included in Note 29(a) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

21. TRADE AND OTHER PAYABLES

	Note	2021 RMB'000	2020 RMB'000
Trade payables			
To third parties	21(a)	2,723	1,546
Contract liabilities	21(b)	4,010	10,012
Other payables			
Accrued berthing services charges		–	18,125
Payables for purchase and construction of property, plant and equipment		3,690	4,126
Accrued charges and other payables		11,315	6,912
Employee benefits payables		2,419	2,757
Other tax payables		698	902
		18,122	32,822
		24,855	44,380

21(a) The trade payables to third parties are unsecured, interest-free and with credit period of 30 to 90 days.

The ageing analysis of trade payables by invoice date is summarised as follows:

	2021 RMB'000	2020 RMB'000
Within 1 month	1,564	444
1 to 3 months	407	495
3 to 6 months	752	601
Over 6 months	–	6
	2,723	1,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

21. TRADE AND OTHER PAYABLES (Continued)

21(b) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within IFRS 15 during the year are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of the year	10,012	6,812
Receipt in advance	4,010	10,012
Recognised as revenue	(10,012)	(6,812)
At the end of the reporting period	4,010	10,012

Unsatisfied or partially unsatisfied performance obligations

All of the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2021 (2020: all) are part of contracts that have an original expected duration of one year or less and expected to be recognised as revenue within 1 year.

22. INTEREST-BEARING BORROWINGS

	2021 RMB'000	2020 RMB'000
Bank loans Secured	476,500	196,597

The maturity of the interest-bearing borrowings and analysis of the amount due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) are as follows:

	2021 RMB'000	2020 RMB'000
Current portion	476,500	196,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

22. INTEREST-BEARING BORROWINGS (Continued)

The Group's secured bank loans are pledged by following assets:

	2021 RMB'000	2020 RMB'000
Structured deposits	–	50,827
Pledged and restricted deposits	394,500	115,500

Some banking facilities are subject to the fulfillment of covenants relating to certain financial ratios as are commonly found in lending arrangements with financial institutions. If the Group breached the covenants, the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with these covenants and the scheduled repayments of the term loans and does not consider it probable that the relevant banks will exercise its discretion to demand for repayment so long as the Group continues to meet these requirements. Throughout the reporting period, none of the covenants relating to drawn down facilities had been breached (2020: Nil).

The weighted average effective interest rate on the interest-bearing borrowings is 5.34 % (2020: 2.56%) per annum.

Secured bank loans are guaranteed by corporate guarantees given by subsidiaries and the Company (2020: subsidiaries) and personal guarantee given by the ultimate controlling party (2020: the ultimate controlling party), bear interest at a fixed rate of 2.45% to 4.00% (2020: 2.55% to 3.20%) and mature within 1 year (2020: 1 year).

All the interest-bearing borrowings are denominated RMB.

23. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Current portion	3,313	7,301
Non-current portion	28,552	34,308
	31,865	41,609

The weighted average incremental borrowing rates applied to the lease liabilities are ranging from 5.00% to 5.49% (2020: 5.00% to 5.49%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

24. DEFERRED TAXATION

The movements for the year in the Group's net deferred tax assets are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of the year	6,740	5,966
Acquisition of a subsidiary	–	(1,756)
Credit to profit or loss (Note 8)	2,835	2,530
At the end of the reporting period	9,575	6,740

Recognised deferred tax assets and liabilities at the end of the reporting period represent the following:

	As at 31 December 2021		As at 31 December 2020	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Loss allowance on trade and other receivables	2,483	–	2,483	–
Fair value adjustment on acquisition of a subsidiary	–	(1,736)	–	(1,732)
Changes in fair value on foreign exchange forward contracts	–	–	–	(33)
Impairment losses on interest in a joint venture	2,904	–	2,904	–
Impairment losses on property, plant and equipment	1,284	–	1,322	–
Tax losses	4,074	–	758	–
Others	639	(73)	1,038	–
Deferred tax assets (liabilities)	11,384	(1,809)	8,505	(1,765)

The deferred tax assets include an amount of approximately RMB4,074,000 (2020: approximately RMB758,000) which relates to carried-forward tax losses of certain subsidiaries of the Group. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for these subsidiaries. These subsidiaries are expected to generate taxable income from 2022 onwards. The losses can be carried forward for a maximum of 5 years from the year in which the tax loss was incurred.

Unrecognised deferred tax assets arising from

	2021 RMB'000	2020 RMB'000
Before multiplied by the applicable tax rates:		
Tax losses	23,783	23,606

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

24. DEFERRED TAXATION (Continued)

Unrecognised deferred tax assets arising from (Continued)

At the end of the reporting period, the Group has the following tax losses arising in the PRC that can be offset against future taxation profits of the subsidiary for a maximum of 5 years from the year in which the tax loss was incurred:

	2021 RMB'000	2020 RMB'000
Year of expiry		
2021	–	949
2022	3,092	3,092
2023	4,493	6,943
2024	6,303	10,789
2025	1,833	1,833
2026	8,062	–
	23,783	23,606

Unrecognised deferred tax liabilities

At 31 December 2021, the undistributed earnings where deferred tax liabilities in respect of PRC withholding tax that would be payable on the distribution of these earnings is approximately RMB285,865,000 (2020: approximately RMB262,042,000). In the opinion of the directors, the undistributed earnings, at the present time, are required for financing the continuing operations of these entities and no distribution would be made in the foreseeable future. Accordingly, no provisions for additional deferred taxation have been made.

25. SHARE CAPITAL

	2021		2020	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000	2,000,000,000	20,000
	Number of shares	RMB'000	Number of shares	RMB'000
Issued and fully paid:				
At beginning of the year and at the end of the reporting period	216,000,000	1,892	216,000,000	1,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

26. RESERVES

(a) Share Premium

The application of the share premium account is governed by the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

(b) Statutory reserve

In accordance with the relevant PRC laws and regulations, the Company's PRC subsidiaries are required to appropriate to the statutory reserve not less than 10% of the amount of profit after taxation (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered capital of the respective PRC subsidiaries, the subsidiary may not be required to make any further appropriation. The transfer to the surplus reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(c) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of functional currency to presentation currency. The reserve is dealt with in accordance with the accounting policies set out in Note 2 to the consolidated financial statements.

(d) Other reserve

The balance represented the difference between the considerations of disposal of certain equity interests in subsidiaries and the carrying amount of the proportionate net assets, and the Reorganisation took place prior to the initial listing of the Company's shares on the Stock Exchange.

27. OTHER CASH FLOW INFORMATION

(a) Cash from operations

	2021 RMB'000	2020 RMB'000 (Restated)
Profit before taxation	14,046	18,311
Interest income	(16,496)	(3,062)
Interest expenses	20,051	6,516
Depreciation	23,649	25,101
Impairment loss on property, plant and equipment	2,241	5,286
Waiver of the overprovision of accrued berthing services charges	(18,125)	–
Loss arising from changes in fair value of financial assets and liabilities measured at FVPL	2,114	1,550
Gain on disposal of property, plant and equipment	(254)	(255)
Gain on acquisition of control over a joint venture	–	(2,656)
Share of result of an associate	(160)	–
Share of results of joint ventures	3,380	1,099
Changes in working capital:		
Inventories	294	(427)
Trade and other receivables	(297)	(22,980)
Trade and other payables	(1,400)	(4,627)
Cash from operations	29,043	23,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

27. OTHER CASH FLOW INFORMATION (Continued)

(b) Changes in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Year ended 31 December 2021			
At beginning of the year	196,597	41,609	238,206
Interest expenses	17,957	2,094	20,051
New leases	–	353	353
Contract modification	–	(4,201)	(4,201)
Net cash flows	261,946	(7,990)	253,956
At the end of the reporting period	476,500	31,865	508,365
	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Year ended 31 December 2020			
At beginning of the year	136,370	48,598	184,968
Interest expenses	4,270	2,246	6,516
New leases	–	548	548
Net cash flows	55,957	(9,783)	46,174
At the end of the reporting period	196,597	41,609	238,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

28. RELATED PARTY TRANSACTIONS

The continuing connected transactions under the Listing Rules are set out in the Report of the Directors of this annual report.

- (i) Other than disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the years.

Relationship	Nature of transactions	2021 RMB'000	2020 RMB'000
A joint venture	Sales of goods	935,497	623,364
	Provision of transportation services	772	987

- (ii) Remuneration for key management personnel (including directors of the Company) of the Group:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and other short-term benefits	2,419	3,412
Contributions to defined contribution retirement schemes	35	7
	2,454	3,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets measured at amortised cost		
Pledged and restricted deposits	394,500	123,050
Trade and other receivables #	134,798	136,565
Bank balances and cash	77,450	56,304
	606,748	315,919
Financial assets measured at FVPL		
Unlisted equity securities	16,350	3,350
Foreign exchange forward contracts	–	133
Structured deposits	–	50,827
	16,350	54,310
	623,098	370,229
Financial liabilities measured at amortised cost		
Trade and other payables *	17,728	30,709
Interest-bearing borrowings	476,500	196,597
Lease liabilities	31,865	41,609
	526,093	268,915
Financial liabilities measured at FVPL		
Foreign exchange forward contracts	–	2,958
	526,093	271,873

excluding VAT recoverable, prepayment for purchase of inventories and certain deposits and other receivables

* excluding contract liabilities, employee benefits payables and other tax payables

The main purpose of these financial instruments is to raise and maintain finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

The directors of the Company generally adopt conservative strategies on its risk management and limit the Group's exposure to these risks to a minimum level. The directors of the Company review and agree policies for managing each risk as summarised below and they manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group reviews the recoverable amount of each individual financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

As at the end of the reporting period, the Group had a concentration of credit risk as 25% (2020: 31%) and 91% (2020: 84%) of the total trade receivables were made up by the Group's largest customer and the five largest customers respectively.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past recent years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised below.

As at 31 December 2021

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowances RMB'000	Credit- impaired
Ageing by due date				
Within 1 month	0.1%	79,125	109	No
1 to 3 months	0.4%	26,028	92	No
3 to 6 months	4.9%	6,465	318	No
6 to 12 months	7.8%	371	29	No
Over 12 months	100.0%	1,298	1,298	Yes
		113,287	1,846	

As at 31 December 2020

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowances RMB'000	Credit- impaired
Ageing by due date				
Within 1 month	0.1%	81,812	109	No
1 to 3 months	0.5%	17,958	92	No
3 to 6 months	1.7%	18,385	318	No
6 to 12 months	8.6%	333	29	No
Over 12 months	100.0%	1,298	1,298	Yes
		119,786	1,846	

The Group does not hold any collateral over trade receivables as at 31 December 2021 (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

As at 31 December 2021, the Group recognised loss allowance of approximately RMB1,846,000 (2020: approximately RMB1,846,000) on the trade receivables. The movement in the loss allowance for trade receivables during the year is summarised below.

	2021 RMB'000	2020 RMB'000
At beginning of the year	1,846	1,281
Increase in allowance	–	565
At the end of the reporting period	1,846	1,846

Other receivables

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

At the end of the reporting period, the Group considers the credit quality of certain debtors was worsen which gave rise to a significant increase in credit risk and therefore considered as credit-impaired. The Group measures the provision for impairment at an amount equal to the lifetime ECL and recognised loss allowance of approximately RMB8,083,000 (2020: approximately RMB8,083,000) on these credit-impaired other receivables.

The Group does not hold any collateral over these credit-impaired other receivables as at 31 December 2021 (2020: Nil).

The movement in the loss allowance for these credit-impaired other receivables during the year is summarised below.

	2021 RMB'000	2020 RMB'000
At beginning of the year and at the end of the reporting period	8,083	8,083

The Group considers that the remaining other receivables have low credit risk based on the counterparties' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on the remaining other receivables is measured on 12-month ECL and reflects the short maturities of the exposures. At 31 December 2021, the additional loss allowance for provision for the remaining other receivables was insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Pledged and restricted deposits and bank balances and cash

The management considers the credit risk those balances are minimal because the counterparties are authorised financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

(b) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. To minimise liquidity risks, management of the Group regularly reviews the current and expected liquidity requirements of operating units to ensure they maintain sufficient reserves of cash to meet operational needs so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet their liquidity requirements in the short and longer terms.

The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below.

	Carrying amount RMB'000	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total contractual undiscounted cash flow RMB'000
As at 31 December 2021						
Trade and other payables *	17,728	17,728	–	–	–	17,728
Lease liabilities	31,865	4,948	3,855	11,988	19,785	40,576
Interest-bearing borrowings	476,500	476,559	–	–	–	476,559
	526,093	499,235	3,855	11,988	19,785	534,863

	Carrying amount RMB'000	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2020						
Trade and other payables *	30,709	30,709	–	–	–	30,709
Lease liabilities	41,609	9,387	5,588	15,154	22,308	52,437
Interest-bearing borrowings	196,597	197,500	–	–	–	197,500
	268,915	237,596	5,588	15,154	22,308	280,646

* excluding contract liabilities, employee benefits payables and other tax payables

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

30. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure to maintain a balance between liquidity, investment and borrowings, and makes adjustments, including payment of dividends to shareholders or issues new shares in the light of changes in the economic environment. No changes were made in the Group's objectives, policies or processes in managing capital during the years ended 31 December 2021 and 2020.

The Group monitors its capital, which comprises all equity components, using a gearing ratio which is calculated on the basis of the Group's total liabilities over total assets. The gearing ratio at the end of the reporting period was as follows:

	2021 RMB'000	2020 RMB'000
Current liabilities	504,668	251,236
Non-current liabilities	30,361	36,073
Total liabilities	535,029	287,309
Current assets	671,198	353,439
Non-current assets	248,269	313,358
Total assets	919,467	666,797
Gearing ratio	58.2%	43.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

31. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13, "Fair Value Measurement" with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

As at 31 December 2021

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value				
Financial assets measured at FVPL				
Unlisted equity securities	–	–	16,350	16,350

As at 31 December 2020

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value				
Financial assets measured at FVPL				
Unlisted equity securities	–	–	3,350	3,350
Foreign exchange forward contracts	–	133	–	133
Structured deposits	–	50,827	–	50,827
Liabilities measured at fair value				
Financial liabilities measured at FVPL				
Foreign exchange forward contracts	–	2,958	–	2,958

During the years ended 31 December 2021 and 2020, there were no transfer between Level 1 and Level 2 fair value measurement, and no transfer into and out of Level 3 fair value measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

31. FAIR VALUE MEASUREMENTS (Continued)

Movements in Level 3 fair value measurements

	Unlisted equity securities As at 31 December	
	2021 RMB'000	2020 RMB'000
At beginning of the year	3,350	3,350
Additions	13,000	–
At the end of the reporting period	16,350	3,350

Valuation techniques and inputs used in Level 2 and Level 3 fair value measurement

a) Foreign exchange forward contracts

The fair value of foreign exchange forward contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

b) Structured deposits

The fair value of gold-linked structured deposits in Level 2 is determined by discounting the estimated future cash inflows considering current interest rates and the gold forward price linked to the product.

c) Unlisted equity securities

The fair value of the unlisted equity securities in Level 3 is estimated by reference to the to the latest management accounts from the private limited partnerships.

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value at 31 December 2021 RMB'000	Valuation techniques	Unobservable input	Range (weighted average, if applicable)	Sensitivity of fair value to changes in unobservable inputs
Financial assets measured at FVPL					
— unlisted equity securities	16,350	Net asset value of the private limited partnerships	n/a	n/a	n/a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

31. FAIR VALUE MEASUREMENTS (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (Continued)

Description	Fair value at 31 December 2020 RMB'000	Valuation techniques	Unobservable input	Range (weighted average, if applicable)	Sensitivity of fair value to changes in unobservable inputs
Financial assets measured at FVPL					
— unlisted equity securities	3,350	Net asset value of the private limited partnerships	n/a	n/a	n/a

Assets and liabilities with fair value disclosure, but not measured at fair value

The carrying amounts of financial assets and liabilities not measured at fair value are carried at amounts not materially different from their fair values as at 31 December 2021 and 2020.

32. COMMITMENTS

Capital expenditure commitments

	2021 RMB'000	2020 RMB'000
Contracted but not provided net of deposit paid for property, plant and equipment	1,437	1,925

33. CONTINGENT LIABILITIES

In 2019, a subsidiary of the Group has been claimed, as one of the co-defendants, to compensate for damages arising from debt disputes between the plaintiff and other third parties. The maximum liability of the Group under the claims may amount to approximately RMB64,414,000 (the "Claim"). In 2020, the Group was awarded a judgement in favour of the Group and the Group was considered not liable for the Claim according to the judgement. As at 31 December 2021, the plaintiff is seeking an appeal on the judgement. The Directors do not consider it probable that the subsidiary of the Group will be found liable to the Claim and accordingly, no provision has been made as at 31 December 2021 (2020: Nil).

34. COMPARATIVE FIGURES

Conforming to current year's presentation, exchange difference on translation of the Company's financial statements of approximately RMB10,576,000 that was included in exchange difference on translation of foreign operations has been reclassified under other comprehensive loss for the year. The revised presentation reflects more appropriately the nature of these items. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2021 RMB'000	2020 RMB'000 (Restated)
Non-current assets			
Interests in subsidiaries	14	52,111	53,644
Amounts due from subsidiaries		114,320	115,920
		166,431	169,564
Current assets			
Bank balances		1,692	5,630
Current liabilities			
Amounts due to subsidiaries		3,283	6,285
Other payables		2,913	3,000
		6,196	9,285
Net current liabilities		(4,504)	(3,655)
NET ASSETS		161,927	165,909
Share capital		1,892	1,892
Reserves		160,035	164,017
TOTAL EQUITY		161,927	165,909

This statement of financial position was approved and authorised for issue by the Board of Directors on 30 March 2022 and signed on its behalf by:

Ji Guang
Executive Director

Ji Ling
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movements of the reserves

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2020	1,892	173,360	7,682	(6,506)	176,428
Profit for the year	–	–	–	57	57
Other comprehensive loss: Exchange difference on translation of the Company's financial statements	–	–	(10,576)	–	(10,576)
As at 31 December 2020	1,892	173,360	(2,894)	(6,449)	165,909
As at 1 January 2021	1,892	173,360	(2,894)	(6,449)	165,909
Profit for the year	–	–	–	749	749
Other comprehensive loss: Exchange difference on translation of the Company's financial statements	–	–	(4,731)	–	(4,731)
As at 31 December 2021	1,892	173,360	(7,625)	(5,700)	161,927

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				2021 RMB'000
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	
Revenue	1,095,339	1,220,011	1,278,898	1,284,358	1,907,822
Profit before tax	113,623	61,509	33,250	18,311	14,046
Income tax expenses	(29,381)	(20,483)	(12,763)	(5,320)	(5,598)
Profit for the year	84,242	41,026	20,487	12,991	8,448
Attributable to:					
Equity holders of the Company	82,250	37,634	22,045	12,627	9,664
Non-controlling interests	1,992	3,392	(1,558)	364	(1,216)
Profit for the year	84,242	41,026	20,487	12,991	8,448

ASSETS AND LIABILITIES

	As at 31 December				2021 RMB'000
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	
Total assets	590,595	721,916	597,379	666,797	919,467
Total liabilities	(233,444)	(363,512)	(225,234)	(287,309)	(535,029)
Net assets	357,151	358,404	372,145	379,488	384,438
Attributable to:					
Equity holders of the Company	333,151	320,480	344,150	350,019	356,597
Non-controlling interests	24,000	37,924	27,995	29,469	27,841
Total equity	357,151	358,404	372,145	379,488	384,438